

## POLICY ON CONFLICT OF INTEREST

The Company shall ensure that all its transactions are fair and transparent, and do not benefit a particular group or individual at the expense of public investors or minority shareholders.

*General Policy* - Directors, officers and employees of the Company shall promote primarily the interest of the Company and the common interest of all shareholders. No director, officer or employee shall use his position to profit or gain some benefit or advantage for himself and/or his related interests.

1. The Company's Manual on Corporate Governance provides that a director shall have the duty to conduct fair business transactions with the Corporation and to ensure that personal interest does not (bias Board decisions) conflict with the interests of the Corporation. It is provided further that the basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

2. The duty to avoid and disclose actual and potential conflict of interest as outlined above is also expected from other officers and employees.

3. The Audit Committee shall also determine and resolve any possible conflict of interest between the Company and/or its group and their directors, officers and major shareholders. The Audit Committee, together with the Company's engaged External Auditor, may review the identified related party transactions. The Company may further engage third-party institutions to evaluate the fairness of major related party transactions.

A conflict of interest exists when a director or officer of the Corporation:

- a. Supplies or is applying to supply goods or services to the Corporation;
- b. Supplies or is applying to supply goods, services or information to an entity in competition with the business of the Corporation;
- c. By taking advantage of his office or by virtue of his office, acquires or attempts to acquire for himself a business opportunity properly pertaining to the Corporation;

- d. Is offered or actually receives compensation or consideration for delivering a business opportunity pertaining to the Corporation to a third party; or
- e. Is engaged or attempts to engage in a business or activity which competes with or works against the interests of the Corporation.

If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision-making of the Board. A director who has a continuing conflict of interest of a significant nature should either resign or, if the Board deems appropriate, be removed from the Board.

A contract of the Corporation with one or more of its directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:

1. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
2. The vote of such director was not necessary for the approval of the contract;
3. The contract is fair and reasonable under the prevailing circumstances;
4. In case of an officer, the contract has been previously approved by the Board of Directors.

Where any of the first two conditions set forth in the preceding paragraph is absent, in the case of a contract with a director, such contract may be ratified by the vote of stockholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; *Provided*, that full disclosure of the adverse interest of the director involved is made at such meeting; and provided further that the contract is fair and reasonable under the circumstances.

Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the director must account to the Corporation for all such profits by refunding the same, unless his act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation.

## **EMPLOYEES**

Employees should avoid situations of conflicts of interest or impropriety. As a general rule, they may not engage in business with a competitor, customer or supplier of the Corporation or any of the subsidiaries or affiliates of the Corporation without the prior approval of the Chief Executive Officer.

- a. Employees engaged in enterprises not involving the Corporation shall fully disclose the extent of their involvement/engagement in such enterprises to the head of Human Resources.
- b. Employees who hold influence over the Corporation's business decisions may not hold any financial interest in business enterprises (1) that are considered competitors, suppliers, or customers of the Corporation, or (2) that deal with the Corporation, and the particular employee concerned is the one dealing with such enterprise on behalf of the Corporation. This prohibition shall apply to the employees' relatives up to the second degree of consanguinity or affinity.

Employees shall not use the Corporation's resources, including facilities, materials, etc., for personal purposes or for the benefit of third parties.

Employees shall not disclose or use confidential information obtained by reason of his employment to third parties, whether for profit or otherwise.

Employees shall report to their supervisor any offer or gift given to them to get favors or to influence business decisions involving the Corporation.

Should a conflict of interest situation develop, the employee concerned shall disclose the facts to his/her supervisor as soon as practicable.