

## **CONFLICT OF INTERESTS POLICY**

In any business dealing, Employees should always remember that one's loyalty should primarily be to the Yuchengco Group of Companies (YGC). This includes situations when recommendations are made to Management.

Where possible conflict of interest exists, it is our duty to immediately disclose this to our Line Head or Human Resources, whether or not a potential loss or disadvantage to the Company is foreseen. The facts in each situation will determine whether the interest in question is such as to bring it within the area of potential conflict. As a guide, the following illustrates situations where possible conflict of interest may exist.

### **A. Family and Personal Relationships**

- I. Possible conflict of interest exists when an Employee:
  - a) Has an immediate family member (spouse, child or parent) and/or a relative by birth or marriage within the 4<sup>th</sup> civil degree who is assigned to the same unit or in the same reporting line as the Employee. The Company reserves the right to reassign Employees in case this occurs while already employed (e.g. marriage between co-employees).
  - b) Has an interest in an entity that is a business competitor or has dealing (whether as client, supplier, contractor, etc.) with the Company. Take note that the definition of "interest" is very broad and could include anything from significant stockholdings or the employment of an immediate family member.
  - c) Is a party to transaction with the Company where the transaction is other than routine or customary (as in purchase or lease of property or disposal of surplus stock).
  - d) Utilizes Company facilities or client contacts for any purpose other than the business interest of the Company and/or another YGC member-company.
  - e) Is involved in any business transaction, engagement or arrangement for personal profit with the Company or with any entity that is client, supplier, customer, contractor, etc. or a business competitor of the Company or any YGC member-company.

A conflict of interest is not likely to exist where the interest consists of shares of stocks, bonds or other securities in a publicly listed company and the amount of such interest is less than five percent (5%) of the value of the class of such securities.

Employees shall be allowed membership in government, quasi-governmental, legislative and judicial bodies, including boards, councils or committees of professional trade and other associations where this is performed pursuant to public service provided the following conditions are met:

- Membership does not conflict with the interest of the Company or any YGC member-company;
- Membership will result to some benefits and give prestige to the Company; and
- Time spent in membership activities must not significantly interfere with duties in the Company.

## **II. Prohibition on “Ninongs/Ninangs”**

To further avoid conflicts of interest, an employee is restricted from being wedding, baptismal, or confirmation sponsor to a co-employee should they be in the same Department or in the same reporting line.

## **B. Unduly benefiting from House of Investments, Inc. (HI) and companies under YGC**

To avoid conflict of interest, employees are to conduct business transactions for the Company in accordance with its policy and avoid direct or indirect use of the Company’s goodwill, reputation, funds and property or other resources for personal gain.

- i. **No Gift Policy** – All officers, employees, and consultants of the Company shall not SOLICIT OR ACCEPT, directly or indirectly, any gift from a person, groups, associations, or juridical entities from public or private sectors, local or foreign, at any time, on or off the work premises, in the course of their official duties or in connection with any transaction which may be affected by the functions of their office. For specific provisions on the No Gift Policy, please refer to *the Policies on Anti-Bribery and Anti-Corruption*.
- ii. **Favors** – The Company does not buy business. Business opportunities are earned based on the merits of the Company’s products services, and people. The Company does not compromise its integrity by offering money, illegal or inappropriate favors of unusual value in exchange for business or to maintain business relationships. Any significant donations or contributions made using the Company’s property or funds, whether directly or indirectly through a customer, must have prior authorization from the relevant supervising officer. Additionally, if the donation of contribution involves purchasing a raffle or lottery ticket, any resulting prize winnings, regardless of whether the ticket is in the employee’s possession or name, must be surrendered to the Company.

- iii. ***Employment and Other Pursuits*** – A possible conflict of interest situation exists when an Employee directly or indirectly serves as director, officer, employee, consultant or agent of an entity that is a business competitor of the Company, or has dealings with the Company as client, supplier or contractor.

Similarly, when Employee engages in a separate trade or business for oneself or performs work or services for another entity, regardless of its nature, Employee is prevented from dedicating his/her full time and effort to his/her job/s with the Company. Thus, this may present a conflict of interest.

To avoid any doubt, all Employees shall fully devote their office time to their assigned responsibility and shall not accept or engage in any other outside work without the express written approval of Management.

- iv. ***Receiving Commissions or Benefits*** – Employees must avoid situations which may unduly influence the relationships with customers or suppliers in a position to transact business with the Company. Employees must make sure that the procedures laid down in providing customer service or in purchasing goods and services are strictly followed. Employees who have a direct hand in choosing companies from which purchases of the Company's business requirements are to be made, are discouraged to use said authority to obtain commissions or leverage to purchase the same item/s for personal interests at terms not otherwise available to his/her colleagues or the public. Suppliers and customers are chosen based on merit and not on what can be gained from them.

### **C. Use of Inside Information**

There are laws that prohibit the use of inside information when buying, selling or trading publicly traded securities, including the Company's securities. Inside information can take many forms, but always includes information which is not available to the public and which might influence an investor's decision to buy, sell, or hold securities in a Company.

Employees should not buy, sell, or trade Company securities or the securities of other companies about which employees have inside information, until that information becomes public. In addition, this information should not be shared with anyone else, including family members or friends or anyone about trading in any securities based on this information.

Because inside information is extremely valuable, it must be handled just as like the way other Company proprietary information is handled. Employees do not discuss it with family, friends, or anyone else; do not talk about it in public places; do not fax it to unattended machines; and do not tell others at the office unless they must know for legitimate business reasons.

#### **D. Violation of Data Privacy Act**

The Company shall adhere to the provisions of the Data Privacy Act under RA#10173 and the implementing policies and guidelines issued by the Company under several General Reference Memorandum #Gen-Dp-02-001 to Gen-Dp-02-009.

The Law provides separate penalties for various violations, most of which also includes imprisonment.

Any combination or series of acts – unauthorized processing of personal information and sensitive personal information, accessing of personal and sensitive information due to negligence, improper disposal of personal and sensitive personal information, unauthorized access or intentional breach, concealment of security breaches involving sensitive personal information, unauthorized disclosure, and malicious disclosure -may cause the Company to be subject to imprisonment and monetary fines.

#### **E. Offenses and Penalties**

Any act that is found to be in conflict with the interests of the Company is considered a ***grave offense***.