



GENERAL

POLICY ON CONFLICT OF INTERESTS

CHANGE / AMENDMENTS / MODIFICATION HISTORY

Version No.	Date	Change		Author	Approved by
		Section	Particular		
1		NA	NA	Ma. Celeste Sanchez & Omar C. Taccad	Board of Directors

TABLE OF CONTENTS

1. PURPOSE / OBJECTIVE	4
2. SCOPE.....	4
3. POLICY.....	4
4. NON-CONFORMANCE	12
5. DEVIATION	12
6. ANNEXES	
A	13

1. PURPOSE / OBJECTIVE

- 1.1. This Policy establishes the rules governing conflict of interest situations.
- 1.2. Compliance with this Policy will help ensure that the Company is made aware of all actual and potential conflicts of interest and ensure that conflict of interest situations are addressed and avoided.
- 1.3. This Policy is not intended to be all inclusive. In instances where something is not stated in this Policy, it should be interpreted with the purpose/objective of this Policy, along with the Company's values, Code of Ethics, and other related Policies.

2. SCOPE

- 2.1 This Policy applies to Concepcion Industrial Corporation, all its subsidiaries and affiliates (the "Company"), and their respective directors, executive officers, employees and business partners.
- 2.2 It is the intention of the Board of Directors of Concepcion Industrial Corporation to require the adoption and implementation of this or a similar policy by the board of directors of each subsidiary or affiliate of Concepcion Industrial Corporation and their respective subsidiaries.

3. POLICY

3.1. CONFLICT OF INTERESTS

3.1.1. For purposes of this Policy, a conflict of interest exists when the need or desire of a director, executive officer or employee to protect his own or another person's interests undermines or diminishes his ability to properly discharge his responsibilities to the Company or protect the Company's interests.

3.1.2. Conflict of interest may take any of the following forms:

- a. business, consultancy or other professional engagement

b. relationship (consanguinity / affinity / romantic)¹ with the Company's:

- employee
- business partner (supplier / provider / dealer)
- competitor

3.1.3. Recognizing each employee's right of free expression and association, neither notice nor approval is required for uncompensated participation, in any capacity, in a private club or in a recreational, cultural, educational, fraternal, political, religious or other "not for profit" organization. However, efforts in support of such organizations must be accomplished without the use of the Company's resources.

3.2. DECLARATION AND REPORTING

3.2.1. All employees, regardless of rank, status or tenure, are duty bound to declare their own (actual or potential) conflict of interests, and to report any (actual or suspected) conflict of interests which they may become aware of on the part of a fellow employee or business partner, in relation to the Company.

3.2.1.1. The declaration shall be made by answering an online questionnaire embodied in an Ethics Certification describing conflict of interest situations and confirming whether the employee has or is aware of any such conflict of interests. The Ethics Certification shall also cover employees' awareness of the Ethics Program and the Code of Ethics and any violation thereof.

3.2.1.2. The Ethics Certification shall be accomplished by all employees on or before March 31 of each year.

3.2.1.3. The Ethics Certification notwithstanding, the declaration to disclose or report is year-round. Thus, each employee is expected to declare his own (actual or potential) conflict of interests as soon as the situation arises or as soon as he foresees the same, and to report any other (actual or

¹ spouse, domestic partner, child, parents, grandparents, sister, brother, grandchild, parent-in-law (or parent of domestic partner), grandparents-in-law (or grandparents of domestic partner), brother-in-law (or brother of domestic partner), sister-in-law (or sister of domestic partner), stepparent, stepchild, son-in law, daughter-in-law, cousin, aunt or uncle

suspected) conflict of interests as soon as he becomes aware of the same.

3.2.2. All candidates for employment to the Company shall be required to declare their own (actual or potential) conflict of interests, and to report any (actual or suspected) conflict of interests which they are aware of on the part of a Company employee or business partner, in relation to the Company

3.2.2.1. The declaration or report shall be in the form of a questionnaire embodied in a Conflict of Interest declaration form describing conflict of interest situations and confirming whether the applicant has or is aware of any such conflict of interests.

3.2.2.2. The questionnaire shall be accomplished and evaluated prior to the presentation of any job offer to the candidate.

3.2.2.3. The recruitment process for candidates with any conflict of interest shall not proceed without clearance from the Ethics Committee composed of the following:

- (a) President & Chief Executive Officer
- (b) Chief Finance Officer
- (c) Ethics Officer
- (d) Chief Governance Officer

3.2.3. All directors and executive officers² shall disclose (i) their business, financial and other similar interests, including details of their other directorships or any shareholdings owned by them or any of their relationship on or before January 31 of each year; and (ii) any actual or potential situations or instances they may have a conflict of interest or appearance of a conflict of interest, to the following:

a) For directors:

To: Board of Directors through its Corporate Secretary
Cc: Compliance Officer

b) For executive officers

² Members of the Executive Committee who are not directors of the Company and who have not disclosed using the online facility described in Section 3.2.1.1

To: President & CEO
Cc: Compliance Officer

3.2.3.1 The director or executive officer concerned shall inhibit himself from any direct involvement or participation at any stage of the transaction process flow and cannot sign any paper or document related to the transaction.

3.2.3.2 Business transactions involving a conflicted director shall be risk-assessed by the Board of Directors, while those involving a conflicted executive officer shall be risk-assessed by the President & CEO.

3.3. **CONFIDENTIALITY**

3.3.1. The identity of the persons reporting conflicts of interests of fellow employees or business partners shall be kept confidential at all times.

3.4. **PROCESSING**

3.4.1. All conflict of interest declarations that do not involve a director or an executive officer shall be referred to the Ethics Officer.

3.4.2. The Ethics Officer shall initially evaluate and classify, and propose resolutions for, each conflict of interest situation.

3.4.3. The final classification and resolution of each conflict of interest situation shall be subject to the approval of the Ethics Committee.

3.4.4. Where the Ethics Committee has decided to tolerate a conflict of interest situation, the Ethics Committee, through the Ethics Officer, shall ensure that those in the same reporting line as the conflicted employee/s are made aware of the situation. This would help ensure that other employees will be vigilant against possible abuses by the conflicted employee/s.

3.4.5. The Human Resources Group (HR) shall ensure that any change in the job assignment of each employee takes into consideration existing or potential conflict of interests of the said employee.

3.4.6. HR shall ensure that existing or potential conflict of interests of the employee concerned are, where relevant, taken into consideration in

case of an investigation or administrative case involving the employee.

3.5. CLASSIFICATION AND RESOLUTION

Conflict of interest situations shall be classified and resolved as follows:

3.5.1. **Low Risk** – those in which there is little to no likelihood of a risk that the employee can take undue advantage of his position for personal gain which could result in direct or significant loss to the company. The nature of the situation is such that the existing job assignment, or any change in job assignment, will not increase the likelihood of the risk.

3.5.1.1. Side business, debt of gratitude (utang na loob) and ninong/ninang relationships are usually classified as Low Risk.

3.5.1.2. These may be tolerated or waived by the Ethics Committee on a case to case basis and under certain conditions such as: the employee should not sell to or recruit fellow employees, business partners or competitors, or use company time, resources or connections, and should keep the company top priority.

3.5.1.3. Even if tolerated, the conflict of interest situation, along with other factors, may be taken into consideration in case of an investigation or administrative case involving the employee.

3.5.2. **Medium Risk** – those in which the employee, if given a different job assignment, can take undue advantage of his position for his own benefit or for the benefit of somebody else other than the company. The nature of the situation is such that the current job assignment poses little to no risk but a change in job assignment could increase the likelihood of the risks mentioned.

3.5.2.1. The following are usually classified as Medium Risk:

- relationship with a fellow employee (who is not in the same reporting line) or a business partner or any of the latter's employees

- financial interest³ in a customer, business partner or competitor where the employee is not in a position to influence the purchase or sale of goods or services, accept a contract or other terms and conditions, or negotiate, approve, or accept other business arrangements on behalf of the Company.

3.5.2.2. These may be tolerated or waived by the Ethics Committee on a case to case basis and under certain conditions such as: in the case of related employees, they should not belong to the same reporting line, and one should have no control or approving function over the other; and in the case of business partners, the employee should not be in a position to influence or have control over their accreditation, selection, evaluation, or relationship management, or to give them preferential treatment or favor.

3.5.2.3. Even if tolerated, the conflict of interest situation, along with other factors, should be taken into consideration in case of a change in job assigning of, or in investigations or administrative cases involving, the employee.

3.5.3. **High Risk** – those in which the employee, regardless of job assignment, can take undue advantage of his position for his own benefit or for the benefit of somebody else other than the company.

3.5.3.1. The following are usually classified as High Risk:

- relationship with a fellow employee (who belongs to the same reporting line) or a business partner or any of the latter's employees
- relationship with a competitor or any of the latter's employees
- financial interest⁴ in a customer, business partner or competitor where the employee is in a position to influence the purchase or sale of goods or services, accept a contract or other terms and conditions, or

³ A financial interest in a customer, business partner or competitor that comprises more than 5% of the employee's net worth or represents more than 5% of the total amount of the company's equity.

⁴ A financial interest in a customer, business partner or competitor that comprises more than 5% of the employee's net worth or represents more than 5% of the total amount of the company's equity.

negotiate, approve, or accept other business arrangements on behalf of the Company

- Low or Medium Risk conflict of interest situations where the employee fails or failed to meet the conditions under which it was tolerated, are usually classified as High Risk.

3.5.3.2. This situation may necessitate employee movement (transfer or termination of employment) in order to eliminate or minimize the risk.

3.5.3.3. This may be tolerated or waived by the Ethics Committee under very exceptional cases, taking into consideration the employee's function and position, the proximity of the relationship, the employee's track record, and the likelihood / impact of prejudice to the company, provided that adequate control measures are put in place to minimize the risk. These include ensuring that the employee is given no access to sensitive information, getting the employee's commitment to resolve any COI in favor of the company, and requiring the higher level manager's approval in decisions that would otherwise have been within the authority of the employee to make.

3.6. WAIVER

3.6.1 To facilitate a sound decision making process for the waiver of conflict of interest situations, there must be a full disclosure of all pertinent facts and circumstances giving rise to the actual or potential conflict of interest, including the timeframe, identification of all involved parties, an analysis of the details, the possible impact the situation may have on the Company and possible conditions that may be considered to mitigate or eliminate the conflict. For this purpose, each employee in a conflict of interest situation shall be required to accomplish and submit to the Ethics Officer a Conflict of Interest Waiver Request (see Annex A).

3.6.2 Waivers of conflict of interest approved by the Ethics Committee shall be communicated by the Ethics Officer who shall ensure that the employee involved and appropriate management unit understand the conditions and limitations of the waiver. Among other things, it is important to make it clear that the waiver is based on and limited to the conflict of interest as disclosed and further review and/or

approval may be required to the extent any facts or assumptions change.

Below is an example of approval language to consider when communicating the approval:

“Your attached Conflict of Interest Waiver Request has been approved based on the facts presented to me and set forth in the Waiver Request. Please note that if the facts or circumstances set forth in the Waiver Request change, the subject Conflict of Interest may require re-approval. Please also note that this approval has been granted based on the following understanding and/or conditions:

- 1. Your supervisor continues to approve of [the conflict of interest situation];*
- 2. Your affiliation is not detrimental to the interests of the Company either directly or indirectly;*
- 3. Proprietary information of the Company will be safeguarded at all times;*
- 4. You will not try to unduly influence or allow yourself to be unduly influenced in the performance of your work for the Company as a result of [the conflict of interest situation]; and*
- 5. The Company will not be unduly deprived of the full measure of your working time and attention to assigned duties and loyalty.”*

4 NON-CONFORMANCE

Any non-conformance with this Policy by an employee of the Company shall be dealt with as a violation of the Code of Ethics, punishable by up to termination, and without prejudice to civil and/or criminal action as may be warranted by the circumstances.

5 DEVIATION

Any deviation from this Policy should be approved in advance by the CEO, CFO, CHRO, and the Head of Legal, Compliance and Governance.

ANNEX A

Conflict of Interest Waiver Request

Employee name:	Ethics Officer:
SBU, BU, location:	Date of request:
Position, duties, function:	Date of requested response:

How was the conflict of interest raised (annual certification, inquiry, investigation, etc.)?
Detailed description of the conflict of interest?

How might the conflict of interest affect the Company? Will there be any detrimental effect to the Company?
How might the conflict of interest affect the employee's work schedule or ability to perform his/her duties?
Can the employee or other employees be unduly influenced as a result of the conflict of interest?
Can the employee exercise undue influence in the performance of his work for the Company as a result of the conflict of interest?

What control measures will be established to manage the conflict of interest and the appearance of a conflict?

How will the conflict appear to others inside and outside the Company? Will there be an appearance of impropriety or wrongdoing?

Why should the Company tolerate the conflict of interest?

Employee's Immediate Supervisor's Recommendation:

Ethics Officer Recommendation: