

## **Policy on Directors Conflict of Interest**

### **1. Objective**

The Objective of this Policy is to regulate and manage issues relating to conflict of interest that a Director may encounter during his tenure as a Director, so that the Board may address the same in a manner that ensures the integrity of the Bank is not compromised.

### **2. Definitions**

2.1 In this Policy, unless the context otherwise requires, the following capitalized terms bear the following meanings, namely: -

<b>BACC</b>	means the Board Audit and Compliance Committee;
<b>Associated Party</b>	means agents, brokers , associates, representatives, advisors, consultants, accountants, contractors, subcontractors or those in having a contractual activity with the company;
<b>Benefit/s</b>	means any type or form of gift (cash or non-cash), award or advantage (financial, or non-financial, including a position offered in a corporation);
<b>Board</b>	means the Board of Directors of the company;
<b>Director</b>	means a Director of the company
<b>Interested Director</b>	means a Director who as an interest in a Transaction or who has been offered and/ or has received a Benefit (as the case may be);
<b>Transaction/s</b>	means any existing or proposed transaction or arrangement with the company, and except the following: - a) Exempted Credit Transactions; b) Transactions which are not normally regarded as related party transactions;

and

c) Any transaction which a Director or his Associated Party cannot reasonably be expected to derive a benefit or suffer a detriment from the transaction or arrangement in a way that will place the said Director in a position of conflict.

**Transacting Party**

means a party involved in a Transaction with the company (including existing customers and vendors of the company).

2.2 Except where the context otherwise requires,

- a. words denoting the singular include the plural and vice versa; and
- b. references to any gender include the other gender.

**3. Guiding Principle**

- 3.1 A conflict of interest occurs when a Director's personal interest conflicts with his responsibility to act in the best interest of the Company.
- 3.2 In the context of this Policy, the term of conflict of interest refer to:-
  - a. a director or indirect interest (via his Associated Party) of a Director; and
  - b. an actual or potential conflict of interest.
- 3.3 When conflict of interest arises, it must be addressed and managed effectively by the Board in accordance with this Policy.

**4. Circumstances which may give rise to Conflict of Interest**

The Circumstances which may give rise to situations of conflict of interest are as follows:-

- a. Transactions which involves the interest of a Director and/ or his Associated Party; and
- b. Benefits offered to and/ or received by a Director.

**5. Disclosure of Interest in a Transaction**

- 5.1 An Interested Director in a Transaction shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest in the Transaction.

- 5.2 An Interested Director in a Transaction must make the disclosure by way of a general notice to the Board and the Corporate Secretary:-
- a. as soon as practicable after being aware of his interest in the Transaction; and
  - b. if the Transaction is being deliberated at a Board meeting, before the commencement of that deliberation.
- 5.3 Such notice should include sufficient information of the nature and extent of the conflict for the Board's information and/ or consideration.
- 5.4 To facilitate the process of disclosure of Director's Interest in a Transaction, all Directors are required to furnish details of Associate Parties as required in the form attached hereto as Appendix 1 and to submit the completed form to the Secretariat upon their appointment as a Director.
- 5.5 All Directors are further obliged to inform the Secretariat of any changes to be made to the list of their Associated Parties as soon as possible.

## **6. Change in Circumstances**

- 6.1 All Directors are obliged to inform the Board of any change in his circumstances that may give rise to conflict of interest in respect of any Transaction.
- 6.2 The disclosure to the Board of such changes are to be made in the same manner as set out under Section 5 above and must include sufficient explanation as to the nature of interest that has changed for the Board's information and/ or further consideration.

## **7. Benefits received by a Director**

- 7.1 A Director who has been offered or has received a Benefit must not accept the Benefit unless he has first disclosed the same to the Board, describing among others, the nature and the estimated value of such Benefit. Upon such disclosure being made, the Board may at their sole discretion either: -

- a. request the said Director to decline the offer or to return the Benefit (as the case may be); or
- b. to allow the Director to accept the Benefit, either with or without conditions imposed.

7.2 The following exceptions to Section 7.1 would apply: -

- a. Benefits offered to and/ or received not in his capacity as a Director; OR
- b. the estimated value of such Benefit offered to and/ or received by a Director is not more than  
Php 10,000.00

7.3 The Board may from time to time establish further exceptions to Section 7.1 as the Board deems fit and reasonable under the circumstances.

## **8. Broad Proceedings**

8.1 An Interested Director shall not be present at any board meeting:-

- a. when a Transaction involving his interest or;
- b. when the Benefit that he has disclosed;

is being deliberated by the Board.

8.2 All disclosures of conflict of interest are to be recorded in the minutes of meeting of the Board or in the written resolution of Directors. The Secretariat shall be responsible for maintaining updated records on each Director's conflict of interest.

## **9. Compliance and Review of Policy**

9.1 Compliance with this Policy is the responsibility of each individual Director as well as the Board as a whole.

9.2 Compliance to the provisions of this Policy shall be monitored from time to time by the BACC.

## **10. Non-Compliance with Policy**

10.1 Any Director who has been found not to have complied with this Policy shall be dealt with in a manner that the Board deems fit under the circumstances.

- 10.2 All decisions relating to a Director's non-compliance with this Policy shall be made unanimously by the remaining Board members and shall bind the said Director accordingly.
- 10.3 All decisions made by the Board pursuant to the provisions of this Policy shall be without prejudice to the existing laws, rules and regulations that applies to a Director pertaining to Director's conflict of interest.

### **Schedule 1**

#### **Parties Associated with Director**

1. Parents;
2. Spouse;
3. Child (including adopted child and step-child);
4. Spouse of child;
5. Brother and sister;
6. Spouse of brother and sister;
7. Dependents of Director or his spouse;
8. A trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which a Director and/ or family member of the Director is a beneficiary;
9. A partner of a Director or a partner of person associated with the Director;
10. A firm, partnership, company or any legal entity which is controlled by a Director;
11. A firm, partnership, company or any legal entity in which a Director is interested as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
12. Any person for whom a Director and/ or family member of the Director is a guarantor;
13. A body corporate or its directors which/ who is/ are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of a Director;
14. A body corporate or its directors whose directions, instructions or wishes a Director is accustomed or under an obligation, whether formal or informal, to act;
15. A person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of a Director;

16. A person in accordance with whose directions, instruction or wishes a Director is accustomed or is under an obligation, whether formal and informal, to act; and
17. A body corporate in which a Director and/ or person associated with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate.