

## CONFLICT OF INTEREST

The Corporation adheres to the standards set under SEC Memorandum Circular No. 6 Series of 2009 (Revised Code of Corporate Governance) which states that a director should observe the conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advance 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 the director, he should fully disclose it and should not participate in their decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or when he or she stands to acquire or gain financial advantage at the expense of the corporation.

Under the Company's By-laws, no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in or connected with any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged or connected:

- (a) If he is an office, manager, director, consultant, controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in a business which the Board, by a majority vote, determines to be antagonistic to that of the Corporation; or
- (b) If the Board, in the exercise of its judgment in good faith, determines by a majority vote that he is the nominee of any person set forth in determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relationship (Article IV, Section 1, par. 2).

The Corporation shall have at least two (2) independent directors or at least twenty percent (20%) of the total membership of the Board of Directors, whichever is lesser, as required by law. For the proper implementation of the foregoing, all nominations to the Board of Directors shall be submitted in writing

to the Nomination Committee of the Board of Directors at least (30) working days before the date of the regular annual meeting of the stockholders (Article IV, Section 1, par. 3).