

National Reinsurance Corporation of the Philippines

Policy on Conflict of Interest

1. Introduction

It is the policy of National Reinsurance Corporation of the Philippines (the “Company” or “Nat Re”) that fair and impartial business transactions are concluded for the benefit of the Company and all its stakeholders. In this regard, the Company seeks to ensure that any conflict of interest situation is addressed and avoided and all transactions are conducted at arm’s length with consideration paid or received by the Company, and on terms no less favorable than that made available to a non-related party under the same or similar circumstances.

2. Purpose

The purpose of this policy is to set out procedures that would ensure the integrity and transparency of all transactions between the Company and its major shareholders, directors, officers and employees.

3. Coverage

This policy applies to the Company’s directors, officers, employees and major shareholders.

4. Definition

There is a **Conflict of Interest** situation where the pursuit of a personal or business interest may be deemed not for the best interests of the Company. It may concern a business opportunity which should be availed by the Company or it may involve instances where the consummation of such transaction may result in a gain or disadvantage at the expense of the Company.

The following are examples of situations which may give rise to a conflict of interest:

- a. Related party transactions
- b. Transactions between companies with interlocking directors- *when a member of the Company’s board of directors also serves on another company’s board where he owns shares exceeding twenty percent (20%) of the latter’s outstanding capital stock*
- c. Purchase of Company shares
- d. Abuse of authority for personal advantage
- e. Personal or business involvement with the Company or its competitors, clients and suppliers
- f. Vested interest with Company suppliers, competitors or clients
- g. Business transactions for the Company with relatives or personal friends
- h. Business activities and practice of profession outside the Company
- i. Acquiring business opportunities which should belong to the Company
- j. Accepting offer or receiving consideration for delivering the Company’s business to a third party;

- k. Engaging in a business or activity which competes with or works contrary to the best interests of the Company
- l. Unauthorized disbursement of funds
- m. Use of Company resources, information and data for personal gain
- n. Giving out confidential information
- o. Acceptance of gifts or bribes.

5. Policy

- a. All directors, officers and employees are expected to promote the Company's interest. They shall not compete with the Company, nor shall they allow business dealing on behalf of the Company to be influenced, and or appear to be influenced by their own personal or family interests.
- b. All covered persons are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are identified and brought to the attention of the Board and Management of the Company.
- c. It is the responsibility of each director, officer and employee to promptly notify the Board, through the Corporate Secretary, of any actual or potential conflict of interest as soon as they become aware of it. The Board's approval shall be required before the Company may enter into such transaction where a conflict of interest is identified.
- d. A transaction characterized by an actual or potential conflict of interest should be brought before the Governance and Related Party Transaction Committee, which will determine if such transaction will benefit the Company. The Governance and Related Party Transaction Committee shall then present and endorse the matter to the Board for discussion and approval.

1. BOARD OF DIRECTORS AND OFFICERS

- 1. Directors shall disclose to the Board, through the Company's Corporate Secretary, their business, financial and other similar interests, including details of all their other directorships and any shareholdings owned by them or members of their family that could potentially put them in conflict with the Company's interest. Any changes to this information must be communicated promptly to the Board through the Company's Corporate Secretary.
- 2. If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed to the Board. The concerned director should not participate in the decision making of the Board.

2. EMPLOYEES-

1. Employees are expected to 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 Company without the prior approval of the Board.
2. Employees who hold influence over the Company's business decisions must not have any financial interests in a non-publicly owned enterprise, particularly if the employee deals with such enterprise in behalf of the Company or if the enterprise is a competitor, supplier or customer of the Company. Likewise, the employee's relatives within the second degree of consanguinity and first degree of affinity must not hold interests in such enterprises.
3. Employees shall disclose to the Company their business activities outside the Company, if this may result to an actual or potential conflict of interest. Such disclosure shall be reviewed by the Head of Human Resources to assess whether a conflict of interest exists or if such business may affect the productivity of the employees in performing their work responsibilities to the Company.
4. Employees shall inform their immediate superior of any familial or personal relationships they may have with anyone they have to transact with in behalf of the Company.
5. Employees shall not take or approve actions that result in incurring or paying the cost of anything from the Company funds, if such expenditure is not authorized or reimbursable under existing Company policy.
6. Employees shall not use the Company's facilities, materials, resources or intellectual property for personal purposes or for the benefit of a third party.
7. Employees shall not disclose or use any confidential Company information. Likewise, the employee shall not disclose the information to assist the interests of a third party. The prohibition includes speculation or investment in securities.
8. Employees shall report to the Company any offer or gift of any value given to them or to their immediate family by clients, suppliers or business providers, for the purpose of obtaining favors or to influence business recommendations, proposals or decisions affecting the Company.
9. If a conflict of interest situation does develop, the employee involved shall disclose the facts to his/her immediate superior or to the Head of Human Resources as soon as possible.
10. In case of doubt on whether a situation poses a conflict of interest, employees are expected to exercise sound judgment and disclose promptly the incident to their immediate superior or the Head of Human Resources for proper disposition. Failure of the employee to comply with the disclosure requirements may be treated as a ground for disciplinary measures.

The foregoing is without prejudice to the Company's existing Code of Conduct for its directors, officers and employees.

6. Disclosure

The Company shall make the appropriate and legally required disclosures of such transactions and situations, including the relevant details thereof, to the extent required by applicable laws or regulations.

7. Policy Review

The Governance and Related Party Transaction Committee shall review and assess the adequacy of this policy at least every two years and recommend for approval by the Board any changes it considers needed