

CODE OF BUSINESS CONDUCT AND ETHICS (CODE)

The Yuchengco Group of Companies (YGC) is committed to do business according to the highest ethical and legal standards. This Code of Business Conduct and Ethics (hereinafter referred to as "Code") is intended to list down the pertinent laws and corporate policies, with respect to business and procedures, to meet those standards. The CODE also sets out basic principles, which provide a framework for prudent decision-making in all business dealings on behalf of the Company.

Covered Employees

This Code of Business Conduct applies to all YGC officers and employees, including consultants and contractors working on behalf of the Company (hereinafter referred to, collectively and individually, as "Employees".) Subcontractors, security guards, outsourced labor or other people working on the premises to a certain extent ostensibly represent YGC and must therefore be held bound by the provisions of this Code. The YGC Companies are strictly enjoined to conduct separate briefings for non-Employees who are to abide by the provisions of this Code, if only to the extent that they may be regarded as representing YGC.

All Employees must comply with all national and local laws, and with the laws of foreign countries in which the Company does business, and ensure that reasonable efforts are made to determine what laws apply to the Company's operations. Beyond legal compliance, YGC expects all Employees to comply with the Code, and to act fairly and ethically at all times. It is our responsibility to familiarize ourselves with the provisions of this Code, and to ask for proper guidance when necessary.

This Code shall be the primary guide for all YGC Employees, without exception.

For a more detailed CODE, please request a copy from HR.

Annual Reaffirmation of Commitment

Each year, Employees will be asked to reaffirm our commitment to this Code in writing. Please take time to read the copy of the Code disseminated each year, taking note of any amended or updated provisions.

Management Rights and Obligations

Management decision shall prevail in all matters pertaining to the implementation of the Code including, but not limited to, the following:

- a. the promotion and enforcement of a culture of integrity in the company;
- b. the establishment and revision of reasonable rules and regulations;
- c. the communication of these rules and regulations to all concerned parties;
- d. the determination of mechanisms to check compliance;
- e. the conduct of administrative investigations on possible violations and the imposition of disciplinary penalties, as warranted;
- f. the formulation of supporting policies, programs and procedures; and
- g. the inclusion of integrity and ethical track record in the selection of members of top management.
- h. Compliance with Laws, Rules and Regulations

- i. Obeying the law, both in letter and in spirit, is paramount in our everyday dealings as we work for the growth of our respective companies. Circumvention or violation of any law (national, city, municipal, provincial, or those of foreign countries where the Company may operate or have business dealings) shall not and shall never be tolerated.
- j. Although not all Employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from their superiors or co-Employees. Each Company regularly disseminates information or holds trainings to promote compliance with laws, rules and regulations.

Some of the sensitive laws which our business dealings might potentially cross are the following:

Insider trading

Employees who have access to confidential information or information not known to the public are not permitted to use or share such information for stock trading purposes or for any other purposes except the conduct of their business. All non-public information for personal financial benefits or to “tip” others who might make an investments decision on the basis of such information is not only unethical but also illegal.

Special Payments

Employees are expected to exercise utmost prudence in instances during business dealings when payments over and above the ordinary must be made in connection with certain government actions and procedures or any analogous situation.

In case of uncertainty, Employees must seek guidance from their respective superiors, human resources department, or legal department.

Money Laundering

Money laundering is a crime whereby the proceeds of an unlawful activity are transacted, thereby making them appear to have originated from legitimate sources.

Please note that while covered institutions are limited to banks, securities dealers, brokers, salesmen, investment houses (or those performing similar functions), and insurance companies, the crime may be committed by individuals who facilitated the transaction, whether knowingly or out of failure to take preventive measures.

Conflicts of Interest

Employees should always remember that their loyalty in any business dealings should be primarily to YGC and the Company they represent. This includes situations when Employees make recommendations to Management.

Where possible conflict of interest exists, it is Employees’ duty to disclose this to his line heads or Human Resources Department immediately, whether or not the Employees foresee a potential loss or disadvantage to the Company. 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

Possible conflict of interest exists when an Employee:

- Has an immediate family member (spouse, child or parent) and/or a relative by birth or marriage within the 4th civil degree (sibling, uncle/aunt, grandparent, cousin) 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 cases this occurs while already employed (e.g., marriage between co-employees).

- Has an interest in an entity that is a business competitor or has dealings (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.
- 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) unless expressly allowed by Management.
- Utilizes Company facilities or client contacts for any purpose other than the business interest of the Company and/or another YGC member-company.
- 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.

Please take note that an Employee can find himself in the conflict-of-interest situation even if the party involved is not himself, but rather a relative or a close friend in any situation similar to those mentioned above. It is best that the Employee disclose all possible conflicts of interest that he has knowledge of.

B. Outside Work

A possible conflict of interest situation exists when the Employees directly or indirectly serve 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 the Employees engage in a separate trade or business for ourselves or perform work or services for another entity, regardless of its nature, the Employees are prevented from dedicating his full time and effort to his 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.

C. Gifts, Entertainment and Favors

The Employees should exercise caution in giving or accepting gifts, entertainment or other personal benefits or privilege in any form, since these may result in a conflict of interest (or the appearance of a conflict of interest) in the performance of his employment duties.

Even when the situation results in a perceived (not necessarily actual) conflict of interest, the Employees would do well to avoid the same. The Employees reputation for honesty is something the Employees should strive to preserve at all times, since it can be impossible to restore once doubt has been cast.

However, this does not preclude giving or receiving gifts or entertainment, which are customary and proper under the circumstances (such as birthdays, Christmas, and other traditional gift-giving occasions), provided that no obligation could be, or perceived to be, expected in connection with the gifts or entertainment.

While the value of an expensive gift may suggest improper influence, please note that even gifts of lesser value are not necessarily free from such perception.

Hence, the Employees is expected to follow and abide the Company rules and regulations on accepting gifts, entertainment, favors or other personal benefits or privilege in any form.

Confidentiality

Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company and its customer, if disclosed. As such, the Employees should see to it that information including but not limited to the following are not unduly divulged or disclosed without the express written consent of our officers and clients.

A. Confidential and Proprietary Information

Proprietary Information includes the following as well as all information similar thereto:

- trade secrets, technical information, processes, or methods;
- advertising or promotional programs;
- sales and statistics affecting financial results and trading in shares of the Company or shares of other companies as a result of any unpublished "inside" business information;
- security, customer and employee information.

Employees, then have two very important duties with regard to information that could be regarded as confidential or proprietary:

- Mark and identify both tangible and verbal propriety information as "proprietary" or "confidential" and takes steps in storing and transmitting such documents to minimize the risk of accidental disclosure, misuse, loss or unauthorized access.
- Refrain from disclosing the Company's proprietary information without express written consent from Management, and in all cases, only when the recipient has signed a non-disclosure agreement that covers the scope of the proprietary information.

B. Third Party Intellectual Property

These refer to intangible properties owned by a party or parties outside of the Company ("third party/ies"), which properties are currently being used by the Company with the consent of the third party.

The most common example of this is a software program which the third party is allowing the Company to use (usually through a License Agreement and payment of a license fee). The License Agreement does not transfer ownership over the software program to the Company, and the conditions of the use by the Company (including but not limited to use, reproduction and distribution) are set forth in a detailed written agreement; any use or misuse outside of the scope detailed in the Company's license or non-disclosure agreement is prohibited and may result in severe sanctions. The Employees should therefore be especially careful when handling such matters

A. Information of Customers and Client

It is the Employees duty to preserve the confidentiality of information extends to those which are entrusted to the Employees by the Company and its customers or clients. With the exception of very limited instances as mandated by law (such as a validly-issued subpoena or warrant) or for valid business purposes (such as a need to access business records, to administer electronic facilities, or to investigate suspected misconduct), the Employees must take all measures necessary to ensure that such information remains secure and may not be accessed by unauthorized parties.

Fair Dealing

The Employees are expected to strive to do business well and to outperform his competition, but must seek to do so fairly and honestly. Unethical or illegal business practices will never be tolerated.

Employees are strictly enjoined to at all times deal fairly with the Company's customers, suppliers, competitors and their employees. No Employee shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

Protection and Proper Use of Company Assets

The Employees are expected to have an interest in the continued health and success of their respective Companies.

Part of ensuring that the Company functions efficiently is the prevention of needless waste. Employees must all do his part to protect the Company's assets and ensure its efficient use; it is also his duty to report suspected incidents of theft, carelessness and waste.

The Employees should always bear in mind that company equipment must be used for Company business only; use of said equipment for purposes not related to Company business is strictly prohibited.

The use of the Company's electronic facilities, including all computers and telecommunications network equipment, and their contents are particularly critical to the Company's operations. Employees are required to take all necessary steps to safeguard user IDs and passwords.

Retention Policy

The importance of honest and accurate recording and reporting of information cannot be overemphasized. Records should always be retained or destroyed according to the Company's record retention policies. All Employees should keep all paper and electronic records necessary to conduct the work of each department for as long as they may realistically be relevant. Eliminate records when they are no longer useful for these purposes.

All of the Company's books, records, accounts and financial statements

- must be maintained in reasonable detail;
- must appropriately reflect the Company's transactions
- must conform both to applicable legal requirements and to the Company's system of internal controls.

Unrecorded "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation and approved by Management. Employees must retain drafts, rough notes, email, and other short-term records needed only for temporary back-up. Confidential materials no longer needed must be placed in shredding bins. We should remember that storing unnecessary records consumes expensive space and resources, makes it harder to retrieve important records, and leaves behind records that may be misleading.

For final records that we clearly need to retain, please be guided by the following rules:

Unless otherwise stated, all books, records, documents and other important information shall be retained up to a maximum of three (3) years,. Exceptions:

- When the document is determined by the concerned Head of the Department to be disposed of earlier than 3 years.

- When the document is subject to government rules, e.g., Bureau of Internal Revenue requires all companies to keep financial and tax records, including all compilations and ledgers recording the receipt and disbursement of funds, until such time as tax clearance is issued to taxpayer. Disposal of such records shall be approved by the Chief Finance Officer.
- When circumstances, e.g., litigation or government investigation, require that the documents be kept for a longer period of time.
- When the records are of great importance to the Company, e.g., contract and legal documents. Such records shall be kept indefinitely until such time as the Legal Department authorizes its disposal. [please refer to the sidebar on this subject]
- For off-site storage, coordinate with the office concerned to arrange for off-site storage where necessary.

Protecting Corporate Reputation

As members of the YGC Family, each one of us necessarily carries the corporate brand/reputation. How we are regarded by the external public is influenced by how each one behaves in public and social media, whether in a professional or personal capacity.

YGC's businesses are in areas (e.g. finance and education) where trustworthiness is paramount. Thus, everyone is called upon to be prudent in his/her dealings especially in the following:

Using the Social Media

Although sharing information, experiences, and news on social media is very common to modern Filipino nowadays, each YGC employee must ensure that work-related online posts will not ruin the company/YGC's reputation.

Personal posts such as facebook status, instagram post, twitter post, blog post, online comments, forum discussions, or any other similar activity in other social networking site accompanied or not by pictures taken within the YGC premises should always be done with caution by asking the question, *"Will this post imply something negative about our company or YGC?"* If our answer is yes, then we do not hit the POST button or we will be held liable for any consequences brought about by the post/s. Confidential and proprietary information must never be divulged directly or indirectly through the social media.

Casino and Gambling

Going to or being seen in casinos and gambling dens is strictly prohibited in YGC as this gives an impression that one may be tempted to dip into others' funds. It also negatively impacts one's professional integrity and is a basis for Management to lose confidence in one's ability to be trusted with clients' funds and other resources.

Policy Violations

All matters covered in the Code are of utmost importance to YGC, its stockholders and its business partners, and is essential to YGC's ability to conduct its business in accordance with its stated values. All Employees are expected to adhere to these rules in carrying out their official duties.

Information regarding any possible contravention of any provision of this Code should be disclosed in a responsible manner.

- A. An Employee should promptly report any suspected or actual violation/s to his/her Immediate head or, if he is reluctant to do so, the next higher level of Management. In either case, a copy should be furnished to the Head of Human Resources.
- B. Should the Employee be reluctant to report this to any of his line heads, he/she could directly address the report to the Head of Human Resources.
- C. In filing the report concerning a violation or suspected violation, the employee must be acting in good faith and has a reasonable ground to believe that the information disclosed indicates fraud, serious wrongdoing, misconduct, or illegal or unethical behavior or practices.
- D. In this connection, an employee needs to identify himself and Management assures that his identity, if he wishes, would be kept confidential. Anonymous reports are highly discouraged as YGC believes that its employees should take personal responsibility for their statements.
- E. The Employee who made the report in good faith or gives evidence in an investigation shall be protected, in any way possible, from harassment, retaliation, retribution or adverse employment consequences, such as termination, suspension, transfer, demotion, discrimination, and the like.
- F. An Employee who retaliates against the employee who reported a violation in good faith shall be subject to immediate termination from employment.
- G. On the other hand, any report which proves to have been made maliciously or knowingly to be false shall constitute a serious offense which shall subject the employee behind it to immediate termination from employment.
- H. Disciplinary actions may include immediate termination of employment or business relationship at the Company's sole discretion after observance of due process. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Company will fully cooperate with the appropriate authorities.

DISCLOSURE STATEMENT

I have read and understood the YGC Code of Business Conduct and Ethics.

As part of the organization, I shall be bound by the foregoing Code and/or the laws where the Company operates. To the best of my knowledge during the past years and up to the present, I and my relatives by consanguinity and affinity up to the 4th civil degree have not engaged in any activity which violates the foregoing policy and/or policies.

I hereby confirm that (please mark the appropriate space on the following statements):

- 1. The foregoing statement is true without exception _____
- 2. The foregoing statement is true, except for the situations described in full detail on the reverse side of this statement, or in an accompanying _____

I understand that if at any time hereafter there is any change in circumstances which would make the foregoing statement incorrect, a full report will be made describing such change. Moreover, I will also report the occurrence of any situation or circumstance which to my opinion is inconsistent with the foregoing Code and/or the laws where the Company operates.

Employee's Printed Name and Signature

Date