



**YGC**

**Code of  
Business  
Conduct  
and Ethics**

**YGC HR Council  
March, 2016**

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# Message

*from Mrs. Helen Y. Dee*



**YGC has grown tremendously in over 100 years of its existence. As one of the largest conglomerates in Southeast Asia, our people have been the main reason why we remain as a key player in many industries.**

**It is in this context that this YGC Code of Business Conduct and Ethics has been formulated. Through this, we articulate the essential principles and standards within which we do business. In so doing, we retain the trust and confidence of the varied publics we serve.**

**As a member of the YGC Family, you are highly appreciated for all your hard work as guided by the contents of this Code.**

**Thank you for your continued commitment to be one with YGC in demonstrating service excellence by abiding to this Code.**

A handwritten signature in black ink, appearing to read 'Helen Y. Dee', written in a cursive style.

**Chairperson, Yuchengco Group of Companies**

## Guiding Principle

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.

## Coverage

### A. Covered Employees

This Code applies to all YGC officers and employees, including consultants and contractors working on behalf of YGC (hereinafter referred to, collectively and individually, as “Employees”.) To some extent, subcontractors, security guards, outsourced labor or other people working on its premises ostensibly represent YGC and must therefore be held bound by the provisions of this Code. YGC member-companies are 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.

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

YGC member-companies needing stricter or more extensive guidelines applicable to their particular industry or business line should create and maintain their own specific business codes, but the latter should be supplementary to and must not permit more lenient standards or in any way be inconsistent with this Code. 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 . (See box above for guide questions.)

**When faced with certain situations where the proper course of action to take is not clear, ask yourself the following:**

- *Are my intended actions legal and compliant with applicable legal, regulatory, and ethical standards?*
- *Am I being fair and honest?*
- *Will my actions stand the test of time?*
- *How will I feel about my actions afterwards?*
- *Can I justify these actions to my colleagues?*
- *How would it look on the front page of a newspaper?*

**“With great power comes great responsibility...”**

*Officers and Managers should also be reminded that because they occupy higher positions than those they supervise, they are held to a higher standard of ethics and must always strive to act ethically in all their dealings, whether or not these are directly related to their work with YGC.*

***For guidance, Employees are urged to approach the company’s Risk Management, Legal, Human Resources, or their Line Head in case of doubt.***

## B. Annual Reaffirmation of Commitment

Each year, Employees shall be asked to reaffirm their commitment to this Code in writing.

Employees must 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 YGC;
- 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.

## Compliance with Laws, Rules and Regulations

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 our company may operate or have business dealings) shall not and shall never be tolerated.

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 Line Heads or co-Employees. Each YGC member-company shall regularly disseminate information or hold trainings to promote compliance with laws, rules and regulations.



*ignorantia legis neminem excusat -*

## Ignorance of the law excuses no one.

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

### A. 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. Use of non-public information for personal financial benefits or to “tip” others who might make an investment decision based on such information is not only unethical but also illegal.



## B. Special Payments

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

In case of uncertainty, we must seek guidance from our respective Line Heads, Human Resources, or Legal.

## C. 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 (see sidebar.)

### MONEY LAUNDERING IS COMMITTED BY THE FOLLOWING:

- Any person knowing that any monetary instrument or property represents, involves, or relates to, the proceeds of any unlawful activity, transacts or attempts to transact said monetary instrument or property.
- Any person knowing that any monetary instrument or property involves the proceeds of any unlawful activity, performs or fails to perform any act as a result of which he facilitates the offense of money laundering referred to in first paragraph above.
- Any person knowing that any monetary instrument or property is required under this Act to be disclosed and filed with the Anti-Money Laundering Council (AMLC), fails to do so.

## Conflicts of Interest

In any business dealing, Employees should always remember that one's loyalty should primarily be to YGC. This includes situations when recommendations are made to Management.

Where possible conflict of interest exists, it is our duty to immediately disclose this to our Line Head or Human Resources, whether or not a potential loss or disadvantage to the Company is foreseen. 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 possible conflict of interest exists whenever one's personal interests, activities or affairs may adversely affect or influence his/her decision in the performance of his/her duties or obligation to the Company.*


*The simplest question to ask oneself is this: "Will my ties to a friend or family member, or to another company outside of YGC, affect the decisions I make for the company that is my employer?"*

## A. Family and Personal Relationships

Possible conflict of interest exists when an Employee:

- a) 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 case this occurs while already employed (e.g., marriage between co-employees).
- b) 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.

*A conflict of interest is not likely to exist where the interest consists of shares of stocks, bonds or other securities in a publicly listed company and the amount of such interest is less than five percent (5%) of the value of the class of such securities.*

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- c) 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.
  - d) Utilizes Company facilities or client contacts for any purpose other than the business interest of the Company and/or another YGC member-company.
  - e) 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 s/he has knowledge of.

Employees shall be allowed membership in government, quasi-governmental, legislative and judicial bodies, including boards, councils or committees of professional, trade and other associations where this is performed pursuant to public service provided the following conditions are met:

- Membership does not conflict with the interest of the Company or any YGC member-company;
- Membership will result to some benefits and give prestige to the Company; and
- Time spent in membership activities must not significantly interfere with duties in the Company.

## B. Outside Work

A possible conflict of interest situation exists when an Employee directly or indirectly serves 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 Employee engages in a separate trade or business for oneself or performs work or services for another entity, regardless of its nature, Employee is prevented from dedicating his/her full time and effort to his/her 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

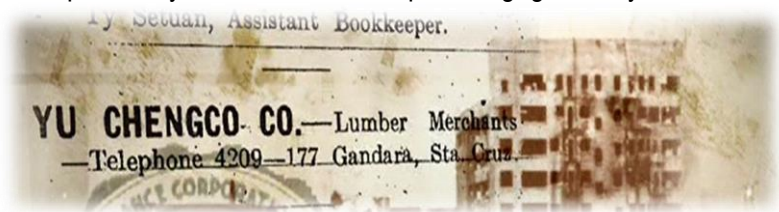
Employees should exercise caution in giving or accepting gifts, entertainment or other personal benefits or privilege in any form, since these may result in a conflict of interest (or the appearance of a conflict of interest) in the performance of employment duties.

Even when the situation results in a perceived (not necessarily actual) conflict of interest, Employees would do well to avoid the same.

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.

***A gift includes any article of value, money, gratuitous service and may include loans or discounts.***



**In determining if a specific gift or entertainment lies within acceptable business practices, ask yourself:**

- *Is it legal?*
- *Is it clearly business-related?*
- *Is it moderate, reasonable and in good taste?*
- *Would public disclosure embarrass my employer?*
- *Is there any pressure to reciprocate or grant special favors?*



# 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, 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:

- a) trade secrets, technical information, processes, or methods;
- b) advertising or promotional programs;
- c) 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;
- d) security, customer and employee information.

**BE AWARE that you could be inadvertently disclosing confidential information to third parties within earshot of your conversation, even if certain identifying details are omitted. Employees are strictly enjoined not to discuss work-related matters in public places such as elevators, restaurants or even on social media.**



## The term "intellectual property rights" consists of:

- Copyright and related rights;
- Trademarks and service marks;
- Geographic indications;
- Industrial designs;
- Patents;
- Layout-designs (topographies) of integrated circuits; and
- Protection of undisclosed information

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

- a) Mark and identify both tangible and verbal propriety information as "proprietary" or "confidential" and take steps in storing and transmitting such documents to minimize the risk of accidental disclosure, misuse, loss or unauthorized access.
- b) 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

This refers 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. Employees should therefore be especially careful when handling such matters.

“When served with a validly-issued subpoena or warrant, the Company is duty-bound to obey the same and may, with or without notice, access and disclose the contents of email, computer files, or other messages or files.”

## C. Information of Customers and Client

The duty to preserve the confidentiality of information extends to those which are entrusted to us 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 purpose (such as a need to access business records, to administer electronic facilities, or to investigate suspected misconduct), all necessary measures must be taken to ensure that such information remains secure and may not be accessed by unauthorized parties.



## Fair Dealing

YGC strives to do business well and to outperform competition, but Employees must seek to do so fairly and honestly. Unethical or illegal business practices will never be tolerated.

At all times, Employees are strictly enjoined to 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.



**Some of the measures we can take to preserve the confidentiality in information in our workstation computers include the following:**

- *Using challenging passwords;*
- *Updating passwords as recommended;*
- *Concealing IDs or passwords and*
- *Using password-protected screen savers.*

## Protection and Proper Use of Company Assets



All Employees must have an interest in the continued health and success of our respective Companies.

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

Employees must always bear in mind that Company's equipment must be used for official business only; use of said equipment for unofficial purposes 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.

**Employees are advised not to abuse these electronic facilities by engaging in:**

- Activities that interfere with their work or the operation of the network
- Personal activities (like long-distance calls) that generate direct costs to the company without arranging for appropriate reimbursement;
- Outside commercial activities;
- Illegal activities; or
- Other activities that could reflect negatively on the Company.

# 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 their work for as long as these 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

- a) must be maintained in reasonable detail;
- b) must appropriately reflect the Company's transactions
- c) 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. It should be remembered 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**

All books, records, documents and other important information shall be retained up to a maximum of three (3) years, except:

- a) When the document is determined by the concerned Line Head to be disposed of earlier than 3 years.
- b) 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.
- c) When circumstances, e.g., litigation or government investigation, require that the documents be kept for a longer period of time.
- d) 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 Legal authorizes its disposal.

*\* For off-site storage, coordination must be made with the office concerned to arrange for off-site storage, where necessary.*





## Protecting Corporate Reputation

YGC Employees necessarily carry the corporate brand/reputation. How YGC is 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, Employees are called upon to be prudent in their dealings especially in the following:



### Using The Social Media

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

Personal posts in Facebook, Instagram, Twitter, blogs, online comments, forum discussions, or any other similar activity in social networking sites 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 the answer is “yes”, then the POST button should not be pressed or we will be held liable for any consequences brought about by the post/s.



### Casino and Gambling

Employees are prohibited from going to or being seen in casinos and gambling dens 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 Line 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, 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, 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, the 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.