



POLICIES and STANDARDS

**GOVERNANCE POLICY –
CONFLICT OF INTEREST**

No.	PS-LRA-003-R12019
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Effective:	041122
Revision No.: 2 Supersedes	PS-LRA-003-2019 Issue dated 2 April 2019

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I. PURPOSE AND SCOPE

This Policy shall serve as reference and guide for the Company, its Directors, Employees, and Consultants in ensuring that all the transactions of the Company adhere to the principles of integrity, transparency, accountability and fairness. The interest of the Company and its stakeholders shall be upheld at all times. This Policy sets forth the standards that shall govern the conduct in situations where there is a COI or a potential COI.

II. LINKAGE TO MAYNILAD CORE VALUES

Honesty and Integrity – we deal with our stakeholders with honesty and integrity. We will always do what is right and fair for the sake of our customers, stakeholders, and the environment.

III. DEFINITION OF TERMS

- Affiliate** - any person, entity, organization, business or venture with whom/which a Director, Officer, Employee or Consultant has an affiliation, personal relationship or financial involvement. These include, among others, (i) Relatives (ii) Associates; (iii) corporations or firms where a Director/ Employee/Consultant and/or his/her Relative, either singly or collectively, holds/owns more than ten percent (10%) of the subscribed capital or equity of such corporations or firms; (iv) corporations or firms wholly or majority owned or controlled by the corporation or firm where a Director/Officer/Employee/Consultant and/or his/her Relative, either singly or collectively, holds/owns more than ten percent (10%) of the subscribed capital or equity of such corporations or firms; (v) partnerships of which a Director/Employee/Consultant or his/her Affiliate is a general partner; and (vi) a co-ownership in which a Director/Employee/Consultant or his/her Affiliate is one of the co-owners of a property sold, assigned or leased to Maynilad, to any of the companies it is affiliated with, or to any of the companies in the Group, except where the sale, assignment and/or lease covers only the other co-owners' (who is/are not the Director/Employee/Consultant or his/her Affiliate) undivided interest in the property.
- Associates** - third parties with existing or previous close personal or business affiliation or relationship with a Director, Employee or Consultant.
- Company or Maynilad** – refers to Maynilad Water Services, Inc.



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4. **Conflict of Interest (“COI”)** – refers to a situation where:
- (a) the financial or business interest, professional, or other personal considerations or interests may influence, jeopardize or compromise, or have the appearance, tendency or propensity of influencing, jeopardizing or compromising the ability of Directors/Officers/Employees and Consultants to effectively and impartially or objectively exercise independent judgement in the performance of their duties, responsibilities, or professional activities in the Company, regardless of whether or not he/she receives or will receive a Personal Benefit;
 - (b) the private interest of a Director/Employee or Consultant interferes or appear to interfere in any way with the interest of Maynilad or of the Group; or
 - (c) a Director/Employee or Consultant, and/or his/her Affiliate receives or will receive an improper Personal Benefit from a transaction with Maynilad and/or the Group as a result of the Director/Employee or Consultant's position in Maynilad or in the Group.
5. **Consultants** - include professional consultants, firms, partnerships, counsels, or such other professional entities or individuals rendering professional or specialized expert services to Maynilad and/or any company in the Group, as well as advisors of the Company who may be appointed by the Board of Directors or the President/CEO, or who shall act as representatives of the Company's investors, shareholders, affiliates or partners.
6. **Director** - refers to a member of the Board of Directors duly elected in accordance with law, any shareholders' agreement and the By-laws of the Corporation.
7. **Employee(s)** - refers to officers, executives and employee(s) of the Company under a contract of employment, whether for part-time or full-time, to provide personal services to the Company in exchange for compensation, and do not provide such services as part of an independent business. This includes executives, managers, supervisors, and rank-and-file.
8. **Group** - refers to the MPIC Group of Companies
9. **Personal Benefit** - refers to any gain or advantage, whether material or non-material, directly or indirectly provided to or received by a Director, Officer, Employee or Consultant and/or his/her Affiliate, such as financial gain, professional advancement, travel, facilities and/or accommodation benefits, entertainment, preferential treatment in personal transactions, and other similar advantages.



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10. **Relatives** - relatives of up to the fourth degree, by consanguinity, affinity or legal adoption, including spouse, parents, children (and their spouses), siblings (and their spouses), nieces and nephews (limited to the children of brothers and sisters) (and their spouses), grandparents, and aunts and uncles (limited to brothers or sisters of parents); and a domestic partner and his/her relatives of up to third degree, by consanguinity, affinity or legal adoption.

IV. GENERAL POLICY STATEMENT

Directors, Employees and Consultants are expected to carry out their responsibilities with utmost honesty and integrity. Every Director, Employee and Consultant should do what is right and fair to all concerned parties, including the environment.

Directors, Employees and Consultants may become involved in situations where their private interests or those of their Affiliates may conflict with the interest of Maynilad and or the Group. It is the obligation of each Director, Employee and Consultant to avoid any actual or apparent COI between himself/herself and Maynilad and/or the Group. At all times, Directors, Employees and Consultants must be loyal to Maynilad and/or the Group.

Decisions and actions taken by the Employees should be made with the best interests of the Company in mind and should not be influenced by personal considerations which may consciously or unconsciously affect the judgment of the Director, Employee or Consultant. Any doubt as to the existence of COI, whether potential or real, should be immediately clarified with the next level manager, Division Head, Management, or the Board, for immediate resolution. Directors, Employees and Consultants have the obligation and are required to disclose relevant information relating to such matters as personal relationships or associations, financial interests and such other arrangements that may result in COI.

V. DISTRIBUTION

This Policy shall apply to all Directors, Employees and Consultants.

VI. IMPLEMENTING GUIDELINES

1. All Directors, Employees and Consultants must avoid getting into a situation that might generate a conflict, potential or real, between their personal interests and the interests of the Company. These situations may include, but are not limited to, the following:
 - (a) Financial interest and/or unusually close/intimate relationship with suppliers, contractors, subcontractors, consultants, service providers, etc.
 - (b) Ownership or having investments or financial interest in an outside company that has or that may have prospective business dealings with the Company.



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- (c) Accepting and holding directorship, executive position and employment, or carrying out work outside of Maynilad or the Group where a COI or loyalty may arise and which may significantly affect the Director, Employee or Consultant's efficiency in the performance of his/her duties and obligations to the Company and/or to the Group.
- (d) Having relatives working with the Company within the 4th civil degree of consanguinity or affinity, especially where a relative could influence and/or compromise decisions or actions affecting the other relative(s), or that could affect the relative's job responsibilities, duties, promotions, performance evaluations and/or compensation.
- (e) Acceptance of valuable gifts from existing or potential customers, suppliers, contractors, subcontractors, consultants, service providers, competitors, etc. (Please refer to the Company Policy on Gifts, Entertainment and Sponsored Travels).
- (f) Use of Company's or Group's properties, tangible or intangible, services, and other resources, for personal purposes or use of supplier's or contractor's properties.
- (g) Other situations that may be viewed as conflicting with the interests of the Company, e.g. employees making decisions that are not in the best interest of the Company.

2. Prohibited COI Situations

- (a) No Director or Employee shall, in breach of his/her fiduciary duty to the Company, acquire or attempt to acquire, directly or indirectly through an Affiliate, any business opportunity in the line of the Company's business, in which the Company has an interest or a reasonable expectancy and which the Company is financially able to undertake, where the personal interest of the Director or Employee will be in conflict with the interest of the Company.
- (b) The Company shall not, directly or indirectly, including through any subsidiary or Affiliate, grant or arrange for any credit (or extensions thereof) in the form of personal loans to any Director or Employee, unless allowed under applicable laws and regulations.

VII. OPERATIONAL PROCEDURES

All Directors, Employees and Consultants must disclose in writing any actual or potential instances and/or situations where they may have a COI or the appearance of COI to the



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relevant authorities specified herein, as soon as they become aware of such actual or potential COI. Depending on the nature of the COI, the concerned Director(s)/Employee(s)/Consultant(s) may be required to comply with other requirements.

All Directors, Employees and Consultants must comply with and/or be guided by the following:

1. All Directors, Employees and Consultants must accomplish a COI declaration (“**COI Form**”) in the form attached hereto (i) at the beginning of each year (January), or (ii) upon the start of directorship, employment or engagement with Maynilad, or (iii) if a COI arises.

If a COI arises after the Director, Employee and/or Consultant, has already submitted the COI Form, the Director, Employee and Consultant must update it no later than 15 calendar days from the time the COI has arisen. Otherwise, it will be assumed that no COI exists.

2. The Director, Employee and Consultant must do the following:
 - (i) Answer the questions in the COI Form by checking the appropriate box and providing all the relevant information, as applicable;
 - (ii) If COI exists (whether potential or actual), propose how the COI may be addressed and/or remediated;
 - (iii) Sign the COI Form;
 - (iv) Cause the COI Form to be signed by the declarant's (i) immediate superior and the group head, in the case of Employees; (ii) officer/executive to whom they directly report, in the case of Consultants; or (iii) the Chairman of the Board, in the case of Directors. The superior concerned shall provide inputs to or comments on the conflict-remediation, should a COI exist; and
 - (v) Submit the accomplished and signed COI Form to the Human Resources Division (“**HR**”) for comments and for the signature of the HR Head.
3. The decision/comments of the immediate manager, Division Head, or HR Head may be elevated to the CEO and/or COO, or the Board, as applicable, for appropriate action.
4. The COI Forms of the Directors, and the President and CEO shall be signed by the Chairman of the Board.



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5. The COI Forms of the Division Heads shall be signed either by the CEO or COO, depending on who the Division Head reports to.
6. The COI Forms of the Employees shall be signed by their respective immediate managers and Division Heads.
7. The COI Forms of the Consultants shall be signed by the Head of the division that engaged the Consultant, and the HR Head.
8. The declarant, immediate manager and HR shall each keep a signed copy of the COI Form.
9. If there is a COI, the concerned Director/Employee/Consultant shall inhibit himself/herself from directly or indirectly participating in all stages of the relevant transactions and cannot sign any document relating thereto.
10. All Directors/Employees/Consultants are required to report any COI that comes to their attention, whether it is within or outside their division or department, using the Whistleblower reporting mechanism.

VIII. VIOLATIONS OF THIS POLICY

Any violation of this Policy will merit the imposition of appropriate disciplinary action and legal action, as may be necessary.

In the event that an Employee violates this Policy, appropriate disciplinary sanctions, in accordance with the Maynilad Employee Handbook and Standards of Discipline, which may include termination of employment and forfeiture of all benefits, shall be imposed on the Employee, if the Employee:

- (a) engages or continues to engage in COI activity(ies) despite management pronouncement or disapproval;
- (b) fails to disclose or timely disclose a COI; or
- (c) knows or, with the exercise of reasonable diligence, should have known or should have been alerted under the circumstances that another Employee has a COI or is engaged in COI activity(ies), and yet fails to report it using the Whistleblower reporting mechanism.

IX. REFERENCE

Policy on Gifts, Entertainment and Sponsored Travels



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Whistleblowing Policy

X. MONITORING AND REVIEW

The Enterprise Risk Management and Internal Audit shall periodically review compliance with and/or effectiveness of this Policy, and recommend the necessary or appropriate changes thereto.

XI. FORMS

COI Form

UNCONTROLLED COPY

CONFLICT OF INTEREST DISCLOSURE FORM



Date: _____
 Name: _____
 Position: _____
 Division: _____ Department: _____

	YES	NO
<p>1. Do you have any family member(s) or relative(s) within the fourth civil degree of consanguinity or affinity (“Family Member”) * who is/are currently working with the Company (whether as a regular, probationary or project employee(s) or as consultant(s))?</p> <p>If Yes, please indicate his/her name, date of commencement of employment with Maynilad, position(s) held (past and current) and department(s), as applicable, in the space provided below.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>2. <u>Did</u> you, or any Family Member, have any interest or involvement in any <u>past</u> project, transaction or contract with Maynilad either directly, or indirectly through a supplier, contractor, subcontractor, consultant, or service provider of Maynilad (individually or collectively, a “Third Party”)?</p> <p>If yes, please provide all the relevant information in a separate sheet.</p>		
<p>3. <u>Do</u> you, or any Family Member, have any interest or involvement in any <u>existing</u> or <u>future</u> project, transaction or contract with Maynilad either directly, or indirectly through a Third Party?</p> <p>If yes, please provide all the relevant information in a separate sheet.</p>		
<p>4. <u>Did</u> you, or any Family Member, receive/give any favor or anything of value, from/to any Third Party that <u>did</u> business with Maynilad, where such receipt or giving may be viewed as a conflict of interest?</p> <p>If yes, please provide all the relevant information in a separate sheet.</p>		
<p>5. <u>Do</u> you, or any Family Member, receive/give any favor or anything of value, from/to any Third Party that is <u>doing</u> or <u>intends to do</u> business with Maynilad, where such receipt or giving may be viewed as a conflict of interest?</p> <p>If yes, please provide all the relevant information in a separate sheet.</p>		
<p>6. Aside from the situations described in, or covered by, items (2) to (5) above, <u>did</u> you, or any Family Member, have any dealings or arrangements with any other person, whether natural or juridical (such a</p>		

[Handwritten signature]

CONFLICT OF INTEREST DISCLOSURE FORM



partnership or a corporation), of such nature as to constitute a conflict of interest? If yes, please provide all the relevant information in a separate sheet.		
7. Aside from the situations described in, or covered by, items (2) to (5) above, <u>do</u> you, or any Family Member, <u>have existing</u> , or <u>intend to have</u> , any dealings or arrangements with any other person, whether natural or juridical (such a partnership or a corporation), of such nature as to constitute a conflict of interest? If yes, please provide all the relevant information in a separate sheet.		
8. If your answer to any of the above questions is "YES", how do you propose to address or resolve this, if applicable? Please use a separate sheet.		

* For purposes of this COI Form, a **Family Member**, as referred to above, shall include any or all of the following:

1. The Director/Employee/Consultant's spouse ("**Spouse**");
2. The Director/Employee/Consultant's children; and
3. The following relatives of the Director/Employee/Consultant's and/or the Spouse:
 - (a) Parents;
 - (b) Siblings;
 - (c) Nephews and nieces (i.e., children of siblings);
 - (d) Uncles/Aunts; and
 - (e) First cousins.

Position	Name	Signature	Date
Director/ Employee/Consultant			
Immediate Manager			
Division Head			
Management			
Board			
HR Head			

SUBSCRIBED AND SWORN to before me this ___ day of _____, 20___, affiant exhibiting to me his/her government issued identification card with the following details:

Doc. No. _____;
 Page No. _____;
 Book No. _____;
 Series of 20 _____.