	GOVERNANCE POLICY – CONFLICT OF INTEREST	
	Policy No.: PS-LRA-003-R22019	Effective Date: April 2, 2025 Revision No.: 2

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 honesty, integrity, transparency, accountability and fairness, and that the interest of the Company and its stakeholders is upheld at all times.


This Policy sets forth the standards that shall govern the conduct of the Company's Directors, Employees and Consultants in situations where there is a COI or a potential COI between the Company and the financial, professional or personal interests and activities of the Directors, Employees, Consultants, and/or their respective Affiliates.

II. LINKAGE TO MAYNILAD'S 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

- A. **Affiliate** – refers to any person, entity, organization, business or venture with whom/which a Director, Employee or Consultant has an affiliation, personal relationship or financial involvement. These include, among others, the following:
- (1) Relatives;
 - (2) Associates;
 - (3) 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;
 - (4) Corporations or firms wholly or majority owned or controlled by the corporation or firm 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;
 - (5) Partnerships of which a Director/Employee/Consultant or his/her Affiliate is a general partner; and
 - (6) 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, or to 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.
- B. **Associates** – refer to third parties with existing or previous close personal or business affiliation or relationship with a Director, Employee or Consultant.
- C. **CGO** – refers to the Corporate Governance Officer.
- D. **Clearance Authority** – refers to the individual or office who/which exercises the duties and responsibilities enumerated in *Section VIII. Compliance and Enforcement*. This includes the Chairman of the Board, the President and CEO, Division Heads and immediate superiors/line managers and the HR Head, as the case may be.
- E. **Company or Maynilad** - refers to Maynilad Water Services, Inc. and all its existing and future subsidiaries.

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- F. **COI or Conflict of Interest** – refers to a situation where financial or business interest (including personal business), private practice of profession (i.e., practice of profession outside the Company), 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, Employees or Consultants to effectively and objectively exercise independent judgment in performing their duties, responsibilities or professional activities in the Company. The COI situations contemplated under this Policy will be discussed in detail in *Section VI.A. Conflict of Interest Situations*.
- G. **Consultant** – refers to 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 the 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.
- H. **Director** – refers to a member of the Board of Directors duly elected in accordance with law, any shareholders' agreement and the Company's By-Laws.
- I. **Employee** – refers to any of the officers, executives and employees of the Company under a contract of employment, whether for part-time or full-time, that provides personal services to the Company in exchange for compensation, and does not provide such services as part of an independent business. This includes executives, managers, supervisors, rank-and-file, and, for purposes of this Policy, project-based, fixed-term, interns and deployed personnel.
- J. **Gifts** – refer to anything of value for which the recipient does not pay fair market value. This may take several forms including, but not limited to, cash and cash equivalents (including cash deposited in bank accounts, credit card payments, etc.), presents, discounts, sponsorships, food and the like.
- Gifts shall be classified as:
- (1) expensive – those that cost more than the peso equivalent of US\$100.00; and
 - (2) token – those that cost the peso equivalent of US\$100.00 or less.
- K. **Group** – refers to the MPIC Group of Companies.
- L. **Personal Benefit** – refers to any gain or advantage, whether material or non-material, directly or indirectly provided to or received by a Director, Employee or Consultant and/or his/her Affiliate, such as financial gain, professional advancement, a thing of value like cash or cash equivalent, commission, allowance, reward, loan or other form of benefit, travel facilities and/or accommodation benefits, entertainment, privileges, preferential treatment in personal transactions, and other similar benefit or advantages.
- M. **Relatives** – – refer to relatives 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 up to the fourth degree, by consanguinity, affinity or legal adoption, *ninong* or *ninang* (principal sponsor at a wedding), godparents and godchildren at baptism or confirmation, *kinakapatid sa binyag* or *kasal*.

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For purposes of this Policy:

- (1) relatives include common-law spouse or partner and/or his/her relatives up to the fourth degree, by consanguinity, affinity or legal adoption (and their spouses);
- (2) half-blood relationship is treated in the same way as full-blood relationship;
- (3) step relationship is treated similarly as blood relationship; and
- (4) relationship through legal adoption constitutes relation by consanguinity

IV. GENERAL POLICY STATEMENT

Directors, Employees and Consultants are expected to carry out their responsibilities with utmost honesty and integrity. They 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. They must, at all times, be loyal to Maynilad and/or the Group.

Decisions and actions taken by the Directors, Employees and Consultants should be made with the best interests of the Company in mind, and should not be influenced by personal considerations that may consciously or unconsciously affect their judgment.

Any doubt as to the existence of COI, whether actual or potential, should be immediately disclosed and discussed with the immediate superior, Division Head, HR Head, COO, President and CEO, or the Chairman of the Board, as the case may be, for clearance, approval or immediate resolution. Directors, Employees and Consultants are required to disclose all relevant information relating to such matters as personal relationships or associations, financial interests and such other arrangements that may give rise to a COI.

V. DISTRIBUTION

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


VI. IMPLEMENTING GUIDELINES

A. CONFLICT OF INTEREST SITUATIONS

The following are situations or events that may give rise to or result in a COI. The Clearance Authority shall evaluate other situations not described herein within the context of this Policy.

1. Corporate Opportunity and Outside Investment


- (a) Having a part in recommending, approving or influencing the grant or award of projects, sale or purchase or lease of properties, and/or purchase of goods and/or services relating to the Company's operations;
- (b) Having the financial or business interest, professional position, employment, work or activities, or personal relationships, considerations or interests, that may influence, jeopardize or compromise, or have the appearance, tendency or propensity of influencing, jeopardizing or compromising the ability of Directors, Employees and Consultants to effectively and objectively exercise independent judgement in performing their duties, responsibilities, or professional activities in the Company, regardless of whether or not they receive or will receive a Personal Benefit;

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- (c) Having investments or financial interest in a company that has or may have prospective business dealings with the Company;
- (d) The private interest of a Director, Employee or Consultant interferes or appears to interfere in any way with the interest of Maynilad or of the Group;
- (e) Soliciting personal business from customers/contractors/suppliers of the Company;
- (f) Using the Company's resources for personal or non-Company activities or for purposes not related to the Company's operations;
- (g) Using the properties of the supplier or contractor for Personal Benefit or personal purposes;
- (h) Using the Company's non-public, confidential or proprietary information for his/her or another person's gain or advantage, including the purchase or sale of securities of the Company and/or in a business the Company is interested in acquiring, or in establishing or terminating business relations;
- (i) Using the Company's name, trademark and other intellectual properties or data, facilities and resources in connection with, among others, the following instances:
 - (i) Sponsoring, recommending or promoting any commercial service or product, unless such is at the request of the Company or is part of the duties or responsibilities of the Director, Employee, or Consultant;
 - (ii) Granting to unauthorized third parties, access to facilities or services for purposes not related to the Company's operations, or offering favors to such third parties to gain favors for one's self or for any of his/her Affiliates;
 - (iii) Granting to unauthorized parties, access to confidential or proprietary information of the Company; and
 - (iv) Providing preferential access to the Company's resources and facilities, or giving preferential treatment or advantage to third parties for personal gain or in exchange for a Gift in favor of an Affiliate of a Director, Employee or Consultant.

2. Relationships

- (a) When Directors, Employees or Consultants take part in decisions to transact business with an Affiliate. These include, but shall not be limited to:
 - (i) entering into a contract between an Affiliate and the Company for the procurement of supplies or services, and lease or sale of property; and
 - (ii) the valuation, recommendation and/or approval of business, project proposals, or transactions of the Company with an Affiliate.
- (b) Having Relatives working with the Company, especially where a Director, Employee or Consultant could influence and/or compromise decisions or actions affecting his/her Relative(s), or that could affect the Relative's job responsibilities, duties, promotions, performance evaluations and/or compensation.

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3. **Gifts**

- (a) Soliciting or accepting gifts, in any form, from a third party with existing or potential business dealings with the Company, in consideration of any act or omission affecting, or of a transaction involving, the Company.
- (b) Receiving an improper Personal Benefit from a transaction with the Company and/or the Group as a result of the Director's, Employee's or Consultant's position in Maynilad or in the Group.

4. **Outside Employment and Other Services**

A Director, Employee or Consultant shall avoid accepting a position or employment, or carrying out work outside of the Company where a COI may arise and which could significantly affect the efficiency and/or independence of the Director/Employee/Consultant in the performance of his/her duties and obligations or otherwise adversely affect one's work.

5. **Prohibited COI Situations**


- (a) No Director, Employee or Consultant 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/Employee/Consultant will be in conflict with the interest of the Company.
- (b) The Company shall not, directly or indirectly, grant or arrange for any credit (or extensions thereof) in the form of personal loans to any Director/Employee/Consultant, unless allowed under applicable laws and regulations.

6. **Analogous Situations**


Any situation where a Director/Employee/Consultant acts contrary to the best interest of the Company is a COI situation.

B. OPERATIONAL PROCEDURES

1. All Directors, Employees and Consultants must avoid getting into a situation that might create a conflict, actual or potential, between their personal interests and that of the Company.
2. All Directors, Employees and Consultants must disclose in writing any situation that may give rise to an actual or potential COI, to the relevant Clearance Authority 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.
3. All Directors, Employees and Consultants must comply with and/or be guided by the following:
 - (a) They must accomplish a COI declaration form ("**COI Form**") (i) upon the start of directorship, employment or engagement with Maynilad, (ii) at the beginning of each year (on or before January 31), or (iii) before a COI or a potential COI arises.

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- (b) If a COI or a potential 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 or the potential COI has arisen. Otherwise, it will be assumed that no COI or no potential COI exists.
 - (c) The Director, Employee and Consultant must do the following:
 - (i) Accomplish the COI Form, provide all the relevant personal, professional and financial information including business interests, other sources of income, other professional engagements, etc.;
 - (ii) Sign the COI Form, including the ***consent giving Maynilad the authority to independently verify the truthfulness and correctness of the declarations stated*** in the COI Form;
 - (iii) Should there be a COI or a potential COI, accomplish the Clearance on COI or Potential COI Form ("**Clearance Form**"); and
 - (iv) Submit the signed COI Form and Clearance Form, as applicable, for review and evaluation by the declarant's Clearance Authority. The Clearance Authority concerned shall provide, within seven (7) calendar days, (i) clearance should there be no COI or no potential COI, or (ii) inputs to or comments on the remediation measures, should a COI or a potential COI exist.
4. The decision/comments of the Clearance Authority shall be elevated to the next level of authority, for appropriate action (e.g., the decision of the Department Heads may be elevated to the concerned Division Head; the decision of the Division Head may be elevated to the President and CEO, or the COO, as applicable; the decision of the Division Heads and the HR Head may be elevated to the President and CEO, or the COO, as applicable).
5. The COI Forms of the Directors, the President and CEO and the COO shall be signed by the Chairman of the Board.
6. The COI Forms of the Division Heads shall be signed by the President and CEO, or the COO, as applicable.
7. The COI Forms of the Employees shall be signed by their Department Heads, while those of the Department Heads shall be signed by the Division Heads.
8. The COI Forms of the Consultants shall be signed by the Head of the division that engaged the Consultant, and by the HR Head.
9. The declarant, Clearance Authority and HR shall each keep a duplicate original of the signed copy of the COI Form.
10. If there is a COI or a potential COI, the concerned Director/Employee/Consultant shall inhibit himself/herself from directly or indirectly participating in all stages of the relevant transactions, and he/she cannot sign any document relating thereto.

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VII. DISCLOSURE AND APPROVAL

Directors, Employees and Consultants of the Company are expected to conduct themselves with the highest ethical standards at all times. They must seek guidance from the Clearance Authority before embarking on activities where potential COI situations may be present. Actual or potential COI situations must be avoided and should be disclosed immediately.

A. DUTY TO DISCLOSE AND SEEK CLEARANCE FOR ACTUAL OR POTENTIAL COI

1. All Directors, Employees and Consultants shall annually sign and submit a COI Form not later than January 31 of each year.
2. As soon as a Director, Employee or Consultant becomes aware of the existence of an actual or potential COI situation involving himself/herself, he/she must disclose this in writing by accomplishing the Clearance Form and submitting it to the appropriate Clearance Authority to seek clearance and approval.

He/She shall likewise inhibit from being involved at any stage of the transaction and cannot sign any document related thereto.

3. It shall be the responsibility of every Director, Employee or Consultant to take immediate and appropriate action when he/she becomes aware of any violation or potential violation of other Directors, Employees or Consultants of this COI Policy, and to disclose the same through the Whistleblower reporting mechanism.

B. DISCLOSURE/APPROVAL GUIDE


1. As provided above, COI situations shall be approved or cleared by the Clearance Authority in the levels provided below:

Declarant	Clearance Authority
Employees	Department Heads
Department Heads	Division Head
Division Heads	President and CEO, or COO, as applicable
Directors, President and CEO and COO	Chairman of the Board
Consultants	Division Head to Whom he/she Reports and HR Head

2. The Clearance Authority shall have the following duties and responsibilities:
 - (a) Evaluate COI situations disclosed to them and determine, if the same is permissible.
 - (b) Issue an opinion to the concerned Directors, Employees or Consultants on potential or actual COI situations. Ensure that mitigation measures are in place for authorized COI situations. Issue approval, stating clearly the remediation measures that will address the COI and potential COI.

The decision of the first level Clearance Authority shall be elevated to the next level Clearance Authority within seven (7) calendar days for appropriate action.

- (c) Provide the HR and the CGO with a copy of all its rendered decisions.

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VIII. COMPLIANCE AND ENFORCEMENT

- A. The CGO, with assistance from the Enterprise Risk Management and Internal Audit, shall periodically review the compliance with and/or effectiveness of this Policy, and recommend the necessary or appropriate changes thereto. The CGO shall take appropriate actions on COI situations that are not specified in Article VI of this Policy.
- B. Any violation of this Policy shall merit the imposition of the appropriate disciplinary action and legal action, subject to the totality of the circumstances, in accordance with the provisions of the Manual of Corporate Governance, By-Laws, Code of Ethics or the Maynilad Employee Handbook and Standards of Discipline, or other Company policy or guidelines, whichever is applicable.
- C. 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 disciplinary leave of up to 30 days or termination of employment and forfeiture of all benefits, shall be imposed on the Employee, if the Employee:
 1. fails to disclose or timely disclose a COI or a potential COI;
 2. engages or continues to engage in COI activity(ies) despite management pronouncement or disapproval; or
 3. 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

- A. Policy on Gifts, Entertainment and Sponsored Travels
- B. Whistleblowing Policy