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Policy on Conflict of Interest





1. GENERAL PRINCIPLES

- 1.1. Alternergy Holdings Corporation ("Company") fully respects the Associate's private life. However, it is expected that Associates would avoid situations that could result in a conflict between their personal interests and those of the Company. An Associate's personal interest should never influence his or her business judgment when it comes to matters related with his or her professional responsibilities with the Company. The Policy on Conflict of Interest ("Policy") provides the guidelines on how to avoid or handle such situations.
- 1.2. This Policy applies not only to the Company but to all its affiliates and subsidiaries as well.

2. DEFINITION OF TERMS AS USED IN THIS POLICY

- 2.1. **Conflict of Interest** - A situation that undermines the impartiality of a person because of the actual or potential clash between his or her personal interest and the interest of the Company.
- 2.2. **Associate** - Refers to all department heads, managers, officers, and all other employees, whether members of the key management personnel or the rank-and-file personnel. This term does not include members of the Board of Directors.
- 2.3. **Committee** - Compliance Committee
- 2.4. **Board** - Board of Directors of the Company.
- 2.5. **Director** - any of the members of the Board of Directors of the Company.

3. CONFLICT OF INTEREST OF AN ASSOCIATE

- 3.1. An Associate who is related with one of the Company's suppliers or clients (if the supplier or client is an individual), or the owner or representative of the supplier (if the supplier is a company), client (if the client is a company), or any person or entity who has business dealings with the Company, within the fourth (4th) civil degree of consanguinity or affinity, is required to disclose such relationship with the Associate's immediate superior.

- 3.2. An Associate who has authority to transact for the Company and has actual or potential business relations with a person or entity with which the Company is or might be interested in is required to (1) disclose said business relations with his or her immediate superior; and (2) secure the Company's Executive Committee approval before he or she pursues any business transaction with the said person or entity. If after disclosure the Company communicates its approval in writing, the Associate may pursue with the said transaction.
- 3.3. An Associate who is doing business with the Company is required to disclose such information with his or her immediate superior.
- 3.4. Approval of the Committee through the immediate superior of the Associate concerned is required before the commencement of any transaction involving a Conflict of Interest.

4. CONFLICT OF INTEREST OF A DIRECTOR

- 4.1. A Director who is related with one of the Company's suppliers or clients (if the supplier or client is an individual), or the owner or representative of the supplier (if the supplier is a company), client (if the client is a company), or any person or entity who has business dealings with the Company, within the fourth (4th) civil degree of consanguinity or affinity, should disclose such relationship with the Board.
- 4.2. A Director who acquires or attempts to acquire any personal or pecuniary interest in conflict with his or her duty as a director shall be liable jointly and severally for all damages resulting therefrom suffered by the Company, its shareholders, and other persons.¹
- 4.3. A Director who attempts to acquire or acquires, in violation of his duty, any interest adverse to the interest of the Company in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, shall be liable as a trustee for the Company and shall be personally accountable for the profits which otherwise would have accrued to the Company.²
- 4.4. A business transaction or contract of the Company with one or more of the Directors is voidable, at the option of the Company, unless all of the following requisites are present:
 - a) That the presence of said Director in the board meeting in which the transaction or contract was approved was not necessary to constitute a quorum for such meeting;

¹ Republic Act ("RA") No. 11232, or "Revised Corporation Code of the Philippines", Section 30.

² RA No. 11232, Section 30.

- b) That the vote of said Director was not necessary for the approval of the transaction or contract; and
- c) That the transaction or contract is fair and reasonable under the circumstances.

Where (a) or (b) is absent, the transaction or contract may be ratified by the vote of the shareholders representing at least two-thirds (2/3) of the outstanding capital stock in a meeting called for the purpose, provided, that full disclosure of the adverse interest of the Director/s is made at such meeting.³

- 4.5. Notwithstanding the provisions under this Section (Section 4), the provisions under the Revised Corporation Code of the Philippines shall be applicable to transactions or contracts involving Directors of the Company.

5. PROHIBITED ACTIVITIES

- 5.1. An Associate or Director shall not take or hold a personal financial interest in any transaction which he or she knows, or ought to know, the Company is or may be interested.
- 5.2. While working for the Company, an Associate shall not have a second job or any type of business relationship, with a supplier, client, or competitor of the Company.
- 5.3. Neither an Associate nor a member of his or her family within the fourth (4th) civil degree of consanguinity or affinity may solicit or receive a fee, commission, or any other favor from any actual or potential supplier, or competitor, or client of the Company.
- 5.4. Gifts or tokens from actual or potential suppliers, clients, or competitors of the Company should not be accepted by an Associate. The Associate should never allow himself or herself to be in a position where his or her decision-making might appear to have been influenced by the acceptance of any gift or token.

6. MISCELLANEOUS PROVISIONS

- 6.1. Disclosures, approvals, or rejections shall be in writing and a copy shall be kept by the Associate and by his or her immediate superior. When the conflict involves a Board Member, the disclosure, approval, or rejection shall also be in writing and a copy shall be kept by the Board Member and by the Corporate Secretary.
- 6.2. Should an Associate feel that an approval has been unjustly denied, he or she may contact the relevant Compliance Officer.

³ RA No. 11232, Section 32.

- 6.3. Any material changes to the disclosed, approved, or rejected conflicts shall also be subject to renewed disclosure, approval, or rejection.
- 6.4. Activities which violate or potentially violate this Policy shall be reported to the relevant Compliance Officer.
- 6.5. When in doubt whether or not a circumstance poses an actual or potential Conflict of Interest, the Associate must disclose the said circumstance to his or her immediate superior.
- 6.6. Associates with actual or potential Conflict of Interest, whether or not they have voluntarily disclosed that they are in conflict, should not participate in the execution or implementation of the contract or transaction which involves the actual or potential Conflict of Interest, unless a written consent duly signed by the President of the Company has been granted.

7. PENALTY OF AN ASSOCIATE FOR FAILURE TO DISCLOSE

- 7.1. The disclosure under the first three (3) paragraphs of Section 3 is required regardless if the relationship involves a Conflict of Interest or not. Failure to provide the required disclosure shall be penalized with dismissal.
- 7.2. Violation of any of the provisions in Section 5 shall be penalized with a suspension of Fifteen (15) days without pay.
- 7.3. The penalties imposed under this section may be aggravated depending upon the circumstances of the case.
- 7.4. The disciplinary measures imposed under this Policy do not preclude the Company from pursuing other legal actions against an Associate who failed to disclose his or her conflict of interest.