

**SFA SEMICON PHILIPPINES CORPORATION**

**CONFLICT OF INTEREST POLICY**

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### **Annex 1 - Conflict Of Interest Disclosure Statement**

# **SFA Semicon Philippines Corporation**

## **Conflict Of Interest Policy**

### **I. INTRODUCTION**

In order to encourage trustworthy decision-making and prudent behavior on the part of all those associated with SFA Semicon Philippines Corporation (“SFA Semicon” or “the Company”), the Board of Directors (BOD) hereby adopts the following policy regarding conflict of interest.

SFA Semicon believes that its success depends upon maintaining the highest levels of credibility, confidence, and trust with the communities it serves and all parties with whom it works.

All persons associated with SFA Semicon are reminded that the decisions and activities of the BOD and staff, whether or not addressed in this policy, are governed by an overriding requirement of honesty, good faith, and fiduciary responsibility for the organization and to the communities it serves.

All employees, officers and directors must abide by the SFA Semicon Conflict of Interest Policy.

### **II. PURPOSE**

The purpose of this policy is to protect SFA Semicon’s interest in entering into a transaction or arrangement that might benefit the private interest of any employee, officer or director of the Company.

### **III. DEFINITION**

#### **1. Conflict Of Interest**

A conflict of interest exists when a covered person (as defined below) has an actual or perceived material personal, occupational and financial interest in a transaction or project under consideration by the BOD or a committee of SFA Semicon or when that person proposes to act on any issue, matter, or transaction in which the company has an interest, and in which the covered person may have an interest separate from that of SFA Semicon that results in or has an appearance of resulting in personal, organizational or professional gain. A conflict of interest may also exist in situations in which there is an appearance that a covered person is utilizing, for his or her own benefit, inside information that is proprietary to SFA Semicon, is acting in his or her own interests rather than the best interests of the company, has the ability to exercise undue influence over SFA Semicon's decisions, or is receiving favorable treatment by the company because of his or her status as a covered person. It also includes bias or the appearance of bias in a decision making process that would reflect a dual role by a member of the organization.

#### **2. Covered Person**

This refers to all employees, board members, and former employees who, by virtue of their continued involvement with SFA Semicon, either have access to inside information that could place them in a conflicted situation or could give the appearance of having the ability to unduly influence the company. The definition also applies to close relatives of these persons, including a spouse, domestic partner, child, sibling, parent, stepparent, parent- or sibling-in-law, grandchild, or grandparent.

Board members, key officers, and employees will be asked to sign an acknowledgement that they have read and agree to abide by SFA Semicon's conflict of interest policy.

### **3. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family;

- a. An ownership or investment interest in any entity with which the Company has a transaction or arrangement;
- b. A compensation arrangement with the Company or with any entity or individual with which the Company has a transaction or arrangement, or;
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction or arrangement.

### **IV. GENERAL GUIDELINES**

All persons shall avoid conflict of interest involving their duties to SFA Semicon and any other interest or organization to which they have a duty, or any other activity in which they are financially or otherwise interested.

It is expected that persons subject to this policy will conduct themselves under strict rules of honesty and fair dealing between themselves and SFA Semicon. Such persons shall not use their position or knowledge gained during their association with SFA Semicon for their private benefit nor to obtain an unfair advantage over any aspect of their dealings with the company.

### **V. OBLIGATIONS OF COVERED PERSONS**

Board members, employees, and contractors are obliged:

1. To disclose to the board, or committee of the board on which they serve, the existence of any actual, potential, or perceived conflict of interest. (*SFA Semicon will provide forms for these disclosures – Annex 1.*)
2. To absent themselves from board and committee discussions on any issue, matter or transaction involving a conflict of interest, unless requested by the board or committee to give information on the issue, matter, or transaction.
3. To abstain from voting on any such issue, matter, or transaction.
4. In the case of conflicted members of the board, or board committees: When requested by the board, to resign from the board of directors, or board committee until such time as the matter giving rise to the conflict of interest has been resolved. When, in the opinion of the Chairman of the board, the matter has been sufficiently resolved, the conflicted person may be invited to rejoin the board, or board committee.

## **VI. OBLIGATIONS OF THE BOARD IN CONFLICTED SITUATIONS**

When a transaction, contract, or project of SFA Semicon involves an actual, potential, or perceived conflict of interest with a covered person, the board shall act as follows:

1. Approve such transaction, contract, or project only after making specific findings that:
  - a. The transaction, contract, or project is fair and benefits the company and its objectives; and
  - b. The transaction, contract, or project is approved with the board's full knowledge of its financial or other benefit to the covered person who has the conflict of interest;

- c. When the covered person is a director, the director did not participate in the vote approving the transaction, contract, or project and was, in fact, absent both during the discussion of the transaction, contract, or project and when the board voted on it;
  - d. A more advantageous arrangement could not have been obtained with reasonable effort.
2. When warranted by the nature and magnitude of the conflict of interest, request that a conflicted member of the board of directors, or board committee to resign.
3. In the case of an irresolvable conflict of interest involving a staff member, the board may decide to place the staff member on administrative leave or terminate the staff member's employment, in accordance with SFA Semicon's personnel policies.
4. Action taken by the board to manage a conflict of interest shall be recorded in the board minutes or memorialized in a board resolution.

## **VII. VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY**

1. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action based on the SFA Semicon's personnel policy guidelines.

## **VIII. RECORDS OF PROCEEDINGS**

The minutes of the board and all committee with board-delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

## **IX. ANNUAL STATEMENTS**

Each director, key officers and committee members, with board delegated powers shall annually sign a statement which affirms that such person:

1. has received a copy of the conflicts of interest policy,
2. has read and understood the policy,
3. has agreed to comply with the policy, and



4. discloses the person's financial interests and family relationships that could give rise to conflicts of interest.

## **X. PERIODIC REVIEWS**

To ensure that the Corporation operates in a manner consistent with its purposes and that it does not engage in activities that could jeopardize the company as a whole, periodic reviews shall be conducted once a year.

This policy adopted by the SFA Semicon BOD on \_\_\_\_\_

**SFA SEMICON PHILIPPINES CORPORATION**

**Conflict Of Interest Disclosure Statement**

This questionnaire must be completed yearly by all board members and direct employees of SFA Semicon. Answers to this questionnaire relate to relationships that occurred from <*insert month, date, year*> to <*insert month, date, year*>. Once you have completed this, please sign and date in the space provided (see last page) and return it to:

Employee Relations  
Human Resources Team

SFA Semicon Philippines Corporation  
Panday Pira Ave., Creekside Freeport Zone  
Pampanga, Philippines

Tel: +63 45 499-1714  
+63 45 499-1724

Fax: +63 45 499-1996

Mail: [ssphr@sfasemicon.com](mailto:ssphr@sfasemicon.com)

1. Are you an officer of a company or an organization that has any business relationship with SFA Semicon?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please explain. \_\_\_\_\_

2. Are you an officer of a company or an organization that has a non-business relationship (ex. Red Cross, Mt. Carmel Hospital, United Laboratories (Unilab), Sanofi-Aventis) with SFA Semicon?

Yes\_\_\_\_ No\_\_\_\_

If yes, please explain.\_\_\_\_\_

3. Have you ever been a Director or Committee Member of a company which has any business relationship with SFA Semicon?

Yes\_\_\_\_ No\_\_\_\_

If yes, please explain.\_\_\_\_\_

4. Do you have a family relationship with anyone who has any transaction, with SFA Semicon? "Family relationship" includes your spouse, parent, child, grandparent, grandchild, great-grandchild, and sibling. The spouses of your children, grandchildren, great-grandchildren, and siblings are considered family relationships as well.

Yes\_\_\_\_ No\_\_\_\_

If yes, please explain.\_\_\_\_\_

Also, except from the business relationship(s) explained in question 4, do you have a family relationship with anyone who has any other relationship with SFA Semicon?

Yes\_\_\_\_ No\_\_\_\_

If yes, please explain.\_\_\_\_\_

5. Do you have any employment agreement, or any compensation arrangement or any investment (direct or indirect) with a supplier of SFA Semicon?

Yes\_\_\_\_ No\_\_\_\_

If yes, please explain and write the benefit, past or future, that this will give you.\_\_\_\_\_

6. Have you received, directly or indirectly, any salary payments, loans, or gifts of any kind or any free service, discounts, or other fees from any person/organization engaged in any transaction with SFA Semicon?

Yes\_\_\_\_ No\_\_\_\_

If yes, please explain.\_\_\_\_\_

7. Do you have any interest (whether as owner or partner) in a business that does business with SFA Semicon? Ownership means voting power in a corporation, profits interest in a partnership, or beneficial interest in a trust.

Yes\_\_\_\_ No\_\_\_\_

If yes, please explain.\_\_\_\_\_

I have read and agree to abide by the SFA Semicon Conflict of Interest Policy.

Signature over printed name: \_\_\_\_\_

Date\_\_\_\_\_