

2012 - 06

## **Conflict of Interest Policy**

### **I. PURPOSE**

The purpose of this policy is to prevent the professional and personal interests of the directors, officers, committee members and managers of AFPGEN (the "Corporation"), from influencing the performance of their duties on behalf of the Corporation.

### **II. GENERAL POLICY**

It shall be the general policy of the Corporation to ensure that its directors, officers, committee members and managers who occupy positions of trust are able to discharge their duties in good faith and with undivided loyalty to the Corporation. They have the responsibility of administering the affairs of the Corporation with honesty and prudence, and of exercising their best care, skill, and judgment for the sole benefit of the Corporation. They must act in the course of their duties solely in the Corporation's best interests without regard to the interests of any other organization with which they were associated or person with whom they are related. They must refrain from taking part in any transaction or exploiting any opportunity that may be detrimental to the interest of the Corporation. This policy requires the disclosure of actual or potential conflicts and, when a conflict exists, requires any interested party to inhibit himself from the transaction.

### **III. PERSONS CONCERNED**

This policy covers not only directors, officers, committee members and managers but all those who can influence insurance transactions, purchasing decisions and awards of contracts. Examples are persons who might be described as "management employees".

### **IV. DEFINITION**

#### **1. Conflict of Interest**

is an interest that might affect, or might reasonably appear to affect, the judgment or conduct of any director, officer, committee member or manager in a manner that is detrimental to the interest of the Corporation.

#### **2. Organization**

includes without limitation any agency, entity, company, association, firm or other group, whether governmental or nongovernmental, and whether operated on a for-profit or nonprofit basis.

3. Interest refers to both actual and potential interests, including without limitation any position as owner, officer, board member, partner, employee, contractor, consultant or beneficiary.
4. Immediate Family means parents, siblings, spouse, children and grandchildren
5. Interested Party means a director, officer, committee member, manager or management personnel of AFPGEN

**V. AREAS IN WHICH CONFLICT MAY ARISE**

Conflicts of interest may arise in the relations of directors, officers, committee members, managers and other persons concerned with any of the following third parties:

1. Persons and firms supplying goods and services to AFPGEN
2. Persons and firms from whom AFPGEN leases properties and equipment
3. Persons and firms with whom AFPGEN is dealing or planning to deal in connection with the purchase or sale of real estate, securities or other property
4. Persons and firms with whom AFPGEN is dealing or planning to deal in connection with insurance transactions
5. Competing or affinity organizations
6. Agencies, organizations and associations which affect the operations of AFPGEN.
7. Family members, friends, and other employees

**VI. EXAMPLES OF CONFLICTS OF INTEREST**

A conflict of interest may exist if a director, officer, committee member, manager; a member of his / her immediate family; an organization for which the individual serves as an officer, director, trustee, partner or employee, or a prospective employer of such person:

- Has a business or financial interest in any third-party dealing with the Corporation or prospective clients of the Corporation;
- Holds office, serves on a Board, participates in management, or is employed by any third-party dealing with the Corporation;
- Derives remuneration or other financial gain from a transaction involving the Corporation;
- Receives gifts or loans from any third-party on the basis of his or her position with the Corporation; or

Engages in any outside employment or other activity that will materially encroach on such person's obligations to the Corporation, compete with the Corporation's activities, involve any use of the Corporation's equipment, supplies, or facilities, or imply the Corporation's sponsorship or support of the outside employment or activity.

**VII. INTERPRETATION OF THIS STATEMENT OF POLICY:**

The areas of conflicting interest listed in item V, and the relations in those areas which may give rise to conflict, as listed in item VI are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers, managers, committee members, management personnel and others concerned will recognize such areas and relation by analogy.

The fact that the one of the interests described in item VI exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the Corporation.

However, it is the policy of the Board that the existence of any interests described in item VI shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the Board, officers, managers, committee members and management personnel to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

**VIII. DISCLOSURE POLICY AND PROCEDURE**

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

- a. The conflicting interest is fully disclosed;
- b. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or valuation exists; and
4. The Board has determined that the transaction is in the best interest of the organization.

Disclosure in the organization should be made to the Chief Executive Officer (or if he is the one with the conflict, then to the Board Chair), who shall bring the matter to the attention of the Board. Disclosure involving directors should be made to the Board Chair, (or if he is the one in conflict, then to the board vice-chair) who shall bring these matters to the full Board.

The Board shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to AFPGEN. The decision of the Board on these matters will rest in their sole discretion, and their concern must be the welfare of AFPGEN and the advancement of its purpose.

**IX. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY**

- a. If a director, officer, committee member or manager has reasonable cause to believe an individual subject to this Policy has failed to disclose actual or potential conflicts of interest, he or she should bring it to the attention of the Chairman of the Board.
- b. If the Chairman of the Board has reasonable cause to believe an individual subject to this Policy has failed to disclose actual or possible conflicts of interest, the

Chairman of the Board shall inform the individual on the basis for such belief and afford the individual an opportunity to either explain the alleged conflict of interest or to disclose it.

- c. If an individual subject to this Policy fails or refuses to disclose, and the Chairman of the Board, after making further investigation as warranted by the circumstances, determines that there is actual or possible conflict of interest, the Chairman of the Board shall refer the matter to the Board for appropriate disciplinary or corrective action.
- d. The minutes of the meeting of the Board or committee shall reflect any conflict of interest that was disclosed and that the interested party was not present during the discussion or decision on the matter and did not vote.

**X. ANNUAL CERTIFICATION PROCESS**

This Policy and its Certification shall be distributed to and reviewed annually by directors, officers, committee members, managers and management personnel, each of whom has a continuing responsibility to evaluate their transactions, outside business interests and relationships for potential conflicts of interest, and to make such disclosures as described in this Policy. The Head, Corporate Planning shall be responsible for asking each individual subject to this Policy to complete a Certification in the form attached (see annex) with disclosures of any known conflicts of interest upon his or her election, re-election or appointment and annually thereafter. Each individual subject to this Policy shall promptly update his or her certification to disclose any interest, transaction or opportunity covered by this Policy that arises during the annual reporting period by requesting a new form from the Head, Corporate Planning and submitting the updated form thereafter.

**CERTIFIED CORRECT:**

*Handwritten signature of Atty Maria Cecilia A. Capa*  
**ATTY MARIA CECILIA A. CAPA**  
Corporate Secretary  
*Handwritten note: All materials submitted to undersigned during Board of Directors 29 201*

**Attested by:**

*Handwritten signature of Alejandro T. Camagay Jr.*  
**ALEJANDRO T. CAMAGAY JR.**  
Brigadier General AFP (Ret)  
President & CEO

**Approved by:**

*Handwritten signature of Ricardo C. Morales*  
**RICARDO C. MORALES**  
Brigadier General AFP (Ret)  
Chairman of the Board of Directors

**AFP GENERAL INSURANCE CORPORATION  
CONFLICT OF INTEREST CERTIFICATION**

I have read and agree to abide by the AFP General Insurance Corporation Conflict of Interest Policy. To the best of my knowledge, as of today's date, I have no actual or potential conflicts as described in this policy.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (Please Print)

-----OR-----

I have read and agree to abide by the AFP General Insurance Corporation's Conflict of Interest Policy. To the best of my knowledge, I have no actual or potential conflicts as described in this Policy, except those disclosed below, or attached hereto.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (Please Print)

**DISCLOSURE:**

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**ARMED FORCES AND POLICE  
GENERAL INSURANCE CORPORATION**  
AFPGen Bldg., EDSA cor. Col. Bonny Serrano Road Quezon City, Metro Manila  
Tel. Nos.: 912-4676 • 913-4358 • 911-9369 • 913-4359 • 911-8801  
Fax No.: 911-3149 • 913-4361  
Website: www.afpgen.com

**Board Resolution No. 2012-10:  
Proposed Policy on Conflict of Interest**

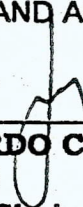
**WHEREAS**, AFP General Insurance Corporation (AFPGIC) is a corporation duly organized and existing under and by virtue of Philippine Laws which is governed by a Board of Directors through a management group that is headed by the President;

**WHEREAS**, there is a need to approve a policy on CONFLICT OF INTEREST to address concerns of the Board;

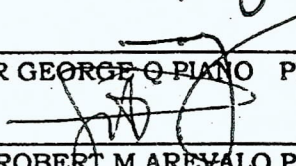
**NOW THEREFORE RESOLVED** That, the Board approves the policy on CONFLICT OF INTEREST (Annex A).

Done this 29<sup>th</sup> day of March in Quezon City.

NOTED AND APPROVED :

  
\_\_\_\_\_  
**RICARDO C MORALES**  
BGEN AFP(Ret)  
Chairman

  
\_\_\_\_\_  
BGEN ALEJANDRO T CAMAGAY JR AFP(RET)

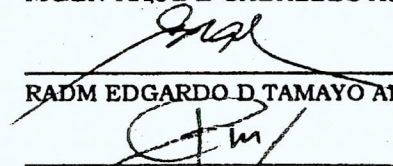
  
\_\_\_\_\_  
P/DIR GEORGE O PANO PNP

  
\_\_\_\_\_  
COL ROBERT M AREVALO PA (GSC)

  
\_\_\_\_\_  
CAPT ALBERTO B CARLOS PN(GSC)

  
\_\_\_\_\_  
ATTY AUGUSTO Z FAJARDO

  
\_\_\_\_\_  
MGEN RAUL Z CABALLES AFP(Rct)

  
\_\_\_\_\_  
RADM EDGARDO D TAMAYO AFP(MNSA)

  
\_\_\_\_\_  
COL SIMPLICIO A LUMANTAS JR PAF

  
\_\_\_\_\_  
PCSUP REX MILTON DOLINO, PNP

  
\_\_\_\_\_  
MR JOSE LUIS MORENO

AFPGIC BOARD RESOLUTION NO. 2012-11  
PROPOSED POLICY ON CONFLICT OF INTEREST