

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

The Company is committed to do business according to the highest ethical and legal standards. This Code of Business Conduct and Ethics (hereinafter referred to as "CODE") is intended to list down the pertinent laws and corporate policies, with respect to business and procedures, to meet those standards. The CODE also sets out basic principles, which provide a framework for prudent decision-making in all business dealings on behalf of the Company.

Background. All officers and employees, including consultants and contractors working on behalf of the Company (hereinafter referred to, collectively and individually, as "PERSONNEL") are expected to conduct themselves in accordance with the highest principles of business conduct, which is of paramount importance to the efficiency in the conduct of business and in the promotion of industrial peace and sound labor-management relations. All PERSONNEL must comply with all national and local laws, and with the laws of foreign countries in which the Company does business, and ensure that reasonable efforts are made to determine what laws apply to the Company's operations. Beyond legal compliance, the company expects all PERSONNEL to comply with the CODE, and to act fairly and ethical at all times.

Reporting. It is every PERSONNEL's ethical responsibility to help enforce the CODE. If a PERSONNEL suspects that a co-PERSONNEL has either violated the CODE or broken any law, it is incumbent upon the former to report the violation to the Personnel and Administration Department. A PERSONNEL may also make anonymous reports of violations. Please note, however, that anonymous reports are more difficult to investigate. All PERSONNEL are expected to cooperate in any external investigation of possible violations.

Management Rights. The Company expressly retains all rights to operate its business according to its judgement including, but not limited to, the direction of the work force, the hiring, re-hiring, appointment, assignment, transfer, promotion, lay-off, recall, suspensions, discharge and discipline of its PERSONNEL; the determination and use of testing, selection and placement procedures, the establishment and revision of reasonable rules and regulations, the activities to be conducted therein, the determination of the required jobs within the Company and the determination of reasonable levels of performance.

1. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obedying the law, both in letter and in spirit, is the foundation on which the CODE is built. All PERSONNEL must respect and obey the laws of the cities, municipalities, provinces, and the country, including foreign countries where the Company operates. Although not all PERSONNEL are expected to know the details of these laws, it is important to know enough to determine when to seek advice from their superiors or co-PERSONNEL. The Company holds information and training sessions to promote compliance with laws, rules and regulations, including insider-trading laws.

- a. **Insider trading.** PERSONNEL who have access to confidential information are not permitted to use or share such information for stock trading purposes or for any other purposes except the conduct of our business. All non-public information for personal financial benefit or to "tip" others who might make an investments decision on the basis of such information is not only unethical but also illegal. For any question, please consult the Company's Legal Counsel.
- b. **Payments to Government Personnel.** It is unacceptable to directly or indirectly pay, give or offer, in any form, bribes to government officials. Bribery not only violates Company policy subject to administrative disciplinary action but is also considered a criminal offense. The Company's Legal Counsel can provide guidance in this area.

2. CONFLICTS OF INTEREST

All PERSONNEL have a duty to be entirely free from influence of conflicting interests when such PERSONNEL represent the Company in any business dealings, or when such PERSONNEL make recommendations to the Company's Management. Generally, a possible conflict of interest exists whenever a situation arises where a PERSONNEL's personal activities or affairs may adversely affect or influence his/her decision in the performance of his/her duties or obligation to the

Company. Obviously, the facts in each situation will determine whether the interest in question is such as to bring it within the area of potential conflict. As a guide, the following illustrates situations where possible conflict of interest may exist.

a. Family and Personal Relationships

Possible conflict of interest exists when a PERSONNEL, a member of his/her immediate family (spouse, child or parent) or his/her relatives by consanguinity or affinity within the 3rd civil degree (brother, sister, uncle, aunt, or cousin), directly or indirectly.

- Has an interest in an entity that is a business competitor or has dealings (whether as client, supplier, contractor, etc.) with the Company and the interest is of such extent or nature that his/her decision (s) might be affected or determined by it.

Further, PERSONNEL must ensure that those stated above are reasonably separated from his/her scope of supervision and from his/her influence in work assignments, appraisals, promotions, contracting, and compensation decisions. In certain circumstances and in the Company's sole direction, it may be necessary to reassign PERSONNEL to prevent the working together of family members in the same group or department.

- Is a party to transaction with the Company where the transaction is other than routine or customary (as in purchase or lease of property or disposal of surplus stock) unless expressly allowed by Management.
- Utilizes Company facilities including, but not limited to, client contacts for any purpose other than the business interest of the Company and or/ members of the Yuchengco Group of Companies (YGC).
- Is involved in any business transaction, engagement or arrangement for personal profit with the Company or with any entity that is client, supplier, customer, contractor, etc. or a business competitor of the Company or any member of the YGC.

A conflict of interest is not likely to exist where the interest consists of shares of stocks, bonds or other securities in a publicly listed company and the amount of such interest is less than five percent (5%) of the value of the class of such securities.

b. Outside Work

A possible conflict of interest exists when a PERSONNEL directly or indirectly serves as director, officer, employee, consultant or agent of an entity that is a business competitor of the Company, or has dealings with the Company whether as client, supplier or contractor.

Likewise, a possible conflict of interest when a PERSONNEL engages in a separate trade or business for himself or performs work or services for another entity, regardless of its nature, to the extent that the PERSONNEL is prevented from dedicating his full time and effort to his/her job with the Company. All PERSONNEL shall fully devote their office time to their assigned responsibility and shall not accept or engage in any other outside work without the expressed approval of management.

PERSONNEL shall be allowed membership in government, quasi-governmental, legislative and judicial bodies, including boards, councils or committees of professional, trade and other associations where this is performed pursuant to public service provided the following conditions are met:

- Membership does not conflict with the interest of the Company or any YGC member;
- Membership will result to some benefits and give prestige to the Company; and
- Time spent in membership activities must not significantly interfere with duties in the Company.

c. Gifts, Entertainment and Favors

Possible conflict of interest exists when PERSONNEL or a member of his/her immediate family gives or accepts gifts, entertainment, or any other personal benefits or privilege in the performance of their employment duties. For this purpose, a gift includes any article of value, money, gratuitous service and loans and discounts. However, this does not preclude giving or receiving gifts or entertainment, which are customary and proper in the circumstances, provided that no obligation could be, or perceived to be, expected in connection with the gifts or entertainment.

3. CONFIDENTIALITY

Confidential information includes all non-public information such as the following that might be of use to competitors, or harmful to the Company and its customer, if disclosed.

a. Confidential and Proprietary Information

Propriety Information includes trade secrets, technical information, processes, methods, advertising or promotional programs, sales and statistics affecting financial results and trading in shares of the Company or shares of other companies as a result of any unpublished "inside" business information. It can also include security, customer and employee information. PERSONNEL should mark and identify both tangible and verbal propriety information as "proprietary" or "confidential" and takes steps in storing and transmitting such documents to minimize the risk of accidental disclosure, misuse, loss or unauthorized access. PERSONNEL may disclose the Company's proprietary information only when recipient had signed a non-disclosure agreement that covers the scope of the proprietary information.

b. Third Party Intellectual Property

The use, reproduction and distribution of third-party intellectual property without permission, or beyond the extent permitted by the scope of the Company's license or non-disclosure agreement is prohibited. The Legal Counsel can help determine the scope of rights associated with any third party intellectual property and can also assist in acquiring any additional rights that may be needed. All PERSONNEL and members of the Board should maintain the confidentiality of information entrusted to them by the Company and its customers. However, the Company cannot and does not guarantee the privacy of records or information maintained on its systems or files. As mandated by law (e.g. subpoena or warrant) or for valid business purposes (such as a need to access business records, to administer electronic facilities, or to investigate suspected misconduct), the Company may, with or without notice, access and disclose the contents of email, computer files, or other messages or files.

4. FAIR DEALING

The Company seeks to outperform the competition fairly and honestly. It also seeks competitive advantages through superior performance but never through unethical or illegal business practices. Each PERSONNEL or member of the Board should endeavor to deal fairly with the Company's, customer, suppliers, competitors and their employees. No PERSONNEL shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

5. PROTECTION AND PROPER USE OF COMPANY ASSETS

All PERSONNEL must protect the Company's assets and ensure its efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incidence of fraud or thefts should be immediately reported for investigation.

Company equipment must not be used for non-Company business.

PERSONNEL's obligation to protect the Company's assets included its proprietary information as discussed in 3.a above. The use of the Company's electronic facilities, including all computers and telecommunications network equipment, and their contents are critical to the Company's operations. PERSONNEL are required to take all necessary steps to safeguard user i.d's and passwords (such as using challenging passwords, concealing i.d.'s or passwords and using password-protected screen savers).

PERSONNEL are advised not to abuse these electronic facilities by engaging in: (1) activities that interfere with their work or the operation of the network; (2) personal activities (like long-distance calls) that generate direct costs to the Company without arranging for appropriate reimbursement; (3) outside commercial activities; (4) illegal activities; or (5) other activities that could reflect negatively on the Company.

6. RETENTION POLICY

Honest and accurate recording and reporting of information is required of all PERSONNEL. Records should always be retained or destroyed according to the Company's record retention policies. All PERSONNEL should keep all paper and electronic records necessary to conduct the work of each department for as long as they may realistically be relevant (recognizing that we may need records for audits, litigation, governmental review, etc.). Eliminate records when they are no longer useful for these purposes. National and local laws that require us to keep records for longer period must, obviously, take precedence over the general principle.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation and approved by the Company's SVP-Audit, Audit Committee or Board of Directors.

PERSONNEL must retain drafts, rough notes, email, and other short-term records needed only for temporary back-up. PERSONNEL must put unneeded confidential materials in shredding bins. Storing unnecessary records consumes expensive space and resources, make it harder to retrieve important records, and leaves behind records that may be misleading.

For final records that we clearly need to retain, please be guided by the following rules:

All books, records, documents and other important information shall be retained up to a maximum of three (3) years, except:

- When the document is determined by the concerned Head of the Department to be disposed off earlier than 3 years.
- When the document is subject to government rules, e.g., Bureau of internal Revenue requires all companies to keep financial and tax records, including all compilations and ledgers recording the receipt and disbursement of funds, until such time as tax clearance is issued to taxpayer. Disposal of such records shall be approved by the Chief Finance Officer.
- When circumstances, e.g., litigation or government investigation, require that the documents be kept for a longer period of time.
- When the records are of great importance to the Company, e.g., contract and legal documents. Such records shall be kept indefinitely until such time as the Legal Officer authorizes its disposal.

For Off-Site Storage, coordinate with the Systems and Planning Department to arrange for off-site storage where necessary.

7. POLICY VIOLATIONS

All matters covered in the CODE are of utmost importance to the Company, its stockholders and its business partners, and is essential to the Company's ability to conduct its business in accordance with its stated values. All PERSONNEL are expected to adhere to these rules in carrying out their duties for the Company.

The Company will take appropriate action (s) against any PERSONNEL whose actions are found to be in violation of the CODE and/or of the other policies of the Company. Disciplinary actions may include immediate termination of employment or business relationship at the Company's sole discretion after observance of due process. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Company will fully cooperate with the appropriate authorities.

DISCLOSURE STATEMENT

I have read and understood the Company's Code of Business Conduct and Ethics.

As part of the organization, I shall be bound by the foregoing Code and/or the laws where the Company operates. To the best of my knowledge during the past year and up to the present, I and my relatives by consanguinity and affinity up to the 3rd civil degree have not engaged in any activity which violates the foregoing policy and/or policies.

I hereby confirm that (please mark the appropriate space on the following statements):

- 1.) The foregoing statement is true without exception _____
- 2.) The foregoing statement is true, except for the situations described in full detail on the reverse side of this statement, or in an accompanying _____

I understand that if at any time hereafter is any change in circumstances which would make the foregoing statement incorrect, a full report will be made describing such change. Moreover, I will also report the occurrence of any situation or circumstance which to my opinion is inconsistent with the foregoing Code and/or the laws where the Company operates.

Employee's Name

Signature

Date