

**DOCUMENT REVISION HISTORY**

REV	CHANGE NOTICE NO.	REVISED BY	DATE	DETAILS OF REVISION
Orig.	040014	T Custodio	23 Feb. 04	Original Issue. Implementation Date - 18 March 04

Distribution:  
 Compliance Officer, Finance & Admin, President & CEO, Chairman of the Board,  
 Board Members, Corporate Secretary, MUSIC Employees



DOCUMENT TITLE :  
**CONFLICT OF INTEREST POLICY**

DOCUMENT NO.:  
**MU 1-2-02-0006**

PAGE 1 OF 5

**1.0 PURPOSE:**

MUSIC Semiconductors Corporation (the Company) has adopted this Policy to ensure that individuals who act on the company’s behalf are motivated by the company’s best interest and act in furtherance of company’s mission.

**2.0 SCOPE:**

This Policy applies to all employees , its officers and members of the Board of Directors of the Company and its subsidiaries.

**3.0 APPLICABLE FORMS AND DOCUMENTS:**

3.1 Conflict of Interest Disclosure Statement (Form no. MU 1-2-02-0006/F1)

**4.0 DEFINITION :**

A conflict of interest may take several forms, but arises when an employee , an officer or a member of its board of directors, in relationship to an outside organization, is in a position to influence the company’s business or other decisions in a way that could lead directly or indirectly to financial gain for the person or his or her family, or give improper advantage to others to the detriment of the company.


**5.0 GENERAL POLICY**

It is the policy of the company that all its official family members (employees, officers, directors, and other individuals involved in the decision-making activities) shall not take personal advantage of his or her leadership role by allowing a situation to exist that may be construed as a conflict of interest.

**6.0 GUIDELINES**

6.1 All MUSIC official family members shall disclose any conflicting or potentially conflicting personal or professional interest or activity they may have. Such an interest may be financial or non-financial and may relate to company’s activities and operations.

6.2 A conflict of interest would arise, but not limited to direct or indirect interests of the MUSIC official family member in a company, service or product that could be affected by a decision of the Board, Committee or other MUSIC governing body ; direct or indirect interests of the official family member in a company or product that is in competition with MUSIC’s product or services; acceptance of any gift , entertainment, services, loans or promises of future benefits from any person or organization that might benefit because of the official family member’s connection with MUSIC; and compensation in the form of fees or salaries if such payment results directly or indirectly from the official family member’s work with the company.

	DOCUMENT TITLE :	DOCUMENT NO.:	
	CONFLICT OF INTEREST POLICY	MU 1-2-02-0006	
		REV. <u>Orig.</u>	PAGE <u>2</u> OF <u>5</u>


- 6.3 The company primarily is concerned with potential conflicts involving individuals directly participating in its activities. Potential conflicts also may arise, however, if a spouse, business partner, or others affiliated with those directly involved in the activity have an interest.
- 6.4 The nature of the required disclosure may vary according to circumstances. The cornerstone of the company's Conflict of Interest Policy is the principle that, in most cases, immediate disclosure of the actual, potential or apparent conflicting interest will itself suffice to protect the integrity of the subject activity. In other words, once such an interest is fully disclosed to the Chairperson of the Audit and Compliance Committee, the committee will evaluate and adjust the possible influence of the disclosed interest and recommends a course of action to the Board of Directors.
- 6.5 In relatively limited situations where such disclosure does not appear to deal with actual or potential problems, additional action, including disqualification from participation, may be necessary. It is the responsibility of the MUSIC Board of Directors to interpret and apply the Policy to fit the particular circumstances.

**7.0 DISCLOSURE :**

- 7.1 Integral to the implementation of the Conflict of Interest Policy is the MUSIC Conflict of Interest Disclosure Statement (please refer to Attachment 1).
- 7.2 All MUSIC official family members shall disclose any direct or indirect relationships with organizations, either for profit or non-profit, that may, during their term of service, be involved with MUSIC product and activities in a formal or informal capacity. Examples of such relationships may include, but not limited to employer-employee relationships, governance relationships, shareholder relationships, contractor-contractee relationships, etc.
- 7.3 All participants in MUSIC projects and activities (including employees and board members) shall submit a Conflict of Interest Disclosure Form prior to participation and annually thereafter.
- 7.4 The Disclosure form shall be kept on file for a period of five (5) years from the date of signing, unless otherwise provided herein. Except where a decision is made that public disclosure is appropriate, Disclosure Forms shall be kept confidential (other than review of the Board of Directors) and made available only as required by law.
- 7.5 It is important to note that, notwithstanding the Disclosure Form requirement, all participants in MUSIC projects and activities have a continuing obligation to disclose actual or potential conflict of interest as they may arise.

**8.0 RESPONSIBILITIES :**

- 8.1 It is the responsibility of the Compliance Officer to periodically review and amend any provision of this Manual .

	DOCUMENT TITLE :	DOCUMENT NO.:	
	<b>CONFLICT OF INTEREST POLICY</b>	<b>MU 1-2-02-0006</b>	
		REV. <u>Orig.</u>	PAGE <u>3</u> OF <u>5</u>

ATTACHMENT 1

**CONFLICT OF INTEREST DISCLOSURE STATEMENT**

Please complete this form and return it to the following address for processing :


The Compliance Officer  
MUSIC Semiconductors Corporation  
110 Excellence Ave., SEPZ 1, Carmelray  
Industrial Park, Canlubang, Laguna  
Philippines 4028

Tel : (6349) 5491480  
Fax : (6349) 5491024  
E-mail : [toto@music-mt.com](mailto:toto@music-mt.com)

I agree to disclose (1) any source of income or any financial interest I or an immediate family member have or any direct or indirect interest in or relationship which may be directly or indirectly affected by a decision of MUSIC and/or its Board of Directors, and/or (2) any interest I or an immediate family member have in an organization with which MUSIC is dealing with or with which is considering conducting business, either at the time of my service (or when this policy is implemented) or when that information is relevant to matters under consideration by the governance on which I serve.

I agree that if (1) my income or other financial interest may be directly or indirectly affected by an action of decision of MUSIC or its Board of Directors, or (2) my interest involves an organization with which MUSIC is dealing or considered dealing, I will not vote on the transaction under consideration and will excuse myself from the meeting while the matter is under consideration unless the remaining members request that I share my knowledge on the subject at hand.

Currently, I am an employee, partner, director or officer or have direct or indirect interest in or relationship with the following corporations, business entities, organizations of individuals with which MUSIC have dealings :


	DOCUMENT TITLE :	DOCUMENT NO.:	
	<b>CONFLICT OF INTEREST POLICY</b>	<b>MU 1-2-02-0006</b>	
		REV. <u>Orig.</u>	PAGE <u>4</u> OF <u>5</u>

I understand that it is my responsibility to update this information if there are changes in the impact of MUSIC's actions may have on my existing interests, in my source of income, in my other financial interests, in organizations with which MUSIC is considering business, and/or in the impact MUSIC's actions may have on my existing interests. I further understand that the information that I provide in this statement and/or in supplements to this statement may be provided to MUSIC's officers, directors and employees.

I further understand that in the course of my duties with MUSIC, I will have access to confidential information about MUSIC's operations. I agree that during and after my service, I will not disclose any such information to any person or entity, other than the officers, employees and members of the board of directors, except as MUSIC specifically authorizes or directs me in writing. I will observe any requirements or procedures that MUSIC may require for the protection of the confidentiality of such information. I understand that any question as to what information is confidential will be referred to, and resolved by, the President of MUSIC.


I HAVE READ AND UNDERSTAND MUSIC'S CONFLICT OF INTEREST POLICY.

\_\_\_\_\_  
Signature Date

Please print your name : \_\_\_\_\_

Position : \_\_\_\_\_

MU 1-2-02-0006/F1

	DOCUMENT TITLE :	DOCUMENT NO.:	
	CONFLICT OF INTEREST POLICY	MU 1-2-02-0006	
		REV. <u>Orig.</u>	PAGE <u>5</u> OF <u>5</u>