



**CODE OF BUSINESS CONDUCT AND ETHICS
CTS GLOBAL EQUITY GROUP, INC.**

as of October 2021

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A. INTRODUCTION

CTS Global Equity Group, Inc. (“Company”) adheres to the principles and best practices of good corporate governance. It believes that corporate governance is a necessary component of what constitutes sound strategic business management. It is expected that all directors and employees act with honesty, integrity, transparency, performance orientation, responsibility, and accountability, mutual respect, and commitment to the organization. The Company believes that corporate governance is a reflection of its culture, policies, and relationship with its customers, employees, and shareholders, and commitment to these values.

This Code of Business Conduct and Ethics (“Code”) sets out the basic principles designed to guide directors, officers, employees, agents, consultants, and other personnel (collectively, “affiliated persons”) of the Company in conducting their business activities in the highest ethical and professional manner. All affiliated persons are expected to conduct themselves in accordance with this Code.

B. COMPLIANCE WITH LAWS, RULES, AND REGULATIONS

The Company is subject to regulation and oversight by the Securities and Exchange Commission (“SEC” or the “Commission”), the Philippine Stock Exchange, Inc. (“PSE” or the “Exchange”), and the Capital Markets Integrity Corporation (“CMIC”). It is essential that the Company and its affiliated persons comply with the laws and regulations of such regulatory bodies.

A director is expected to have a working knowledge of the statutory and regulatory requirements that affect the Company. On the other hand, all other affiliated persons are expected to be familiar with the laws, rules, and regulations that are related to their respective job functions.

C. CONFLICT OF INTEREST

A “conflict of interest” situation may arise when a person’s private interests interferes with the best interests of the Company.

All affiliated persons must ensure that his personal interest does not conflict with the interests of the Company. In particular, no employee shall engage in the same or similar line of business or function as that carried on by the Company. Financial interests held by an employee or by his immediate family members in another company with the same or similar business interest must be disclosed immediately so that a determination can be made as to whether a conflict of interest exists. It shall be at the sole discretion of the Company to either dismiss or continue with the employment of an employee who has engaged in activities that are in conflict with the Company’s business interest.

D. CONDUCT OF BUSINESS AND FAIR DEALINGS

1. Transactions with the Company

All affiliated persons must conduct fair business transactions with the Company. Said persons are expected to act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness.

2. Transactions with the Client and the Stock Exchange

The Company is fully committed to conducting its business in an ethical and fair manner. It conducts its business guided by the following principles and requirements and expects all affiliated persons to do the same:

- a. *Honesty and fairness.* Act honestly, fairly, and in the best interest of the client and the integrity of the stock market.
- b. *Diligence.* Act with due skill, care, and diligence in the best interest of the client and the integrity of the stock market.
- c. *Capabilities.* Obtain and effectively employ the resources and procedures needed for the proper performance of business activities.
- d. *Information about Clients.* Seek necessary information from clients as required under applicable laws and regulations and as may be necessary relative to the services to be provided;
- e. *Information for Clients.* Make adequate disclosure of material information in dealings with clients.
- f. *Conflicts of Interest.* Avoid conflicts of interest and when cannot be avoided, ensure that clients are fairly treated and properly informed of such conflicts.
- g. *Compliance.* Comply with all regulatory requirements applicable to the Company to promote the best interest of the clients and the integrity of the stock market.

3. General Principles of Salesmen

In addition, the following general principles should guide the Company's licensed salesmen in their professional and business dealings:

- a. Adhere to the principles of honesty, integrity, fairness, and good business practice in the conduct of business affairs;
- b. Constantly strive to gain more knowledge of the market and improve trade skills and know-how;
- c. Not to trade or cause any other person to trade any security in relation to which they have acquired non-public material information that would give them undue advantage vis-à-vis the general investing public;

- d. Not to hype or otherwise manipulate any security to the prejudice of the investing public, the Company, and/or the stock exchange;
- e. Not to enter into any transaction or act in any manner under any circumstance which would otherwise adversely affect his duties to the investing public, and/or the stock exchange; and
- f. Ensure that assets of clients are properly accounted for and safeguarded.

E. INSIDER TRADING

An affiliated person shall not buy or sell Company shares while in possession of material information about the Company that is not generally available to the public. Said affiliated person may only trade in Company shares two (2) trading days after the price-sensitive information is disclosed to the public. Neither may the affiliated person concerned pass on material nonpublic information to others.

Information is considered as “material non-public” if:

- 1. It has not been generally disclosed to the public and would likely affect the market price of Company shares after being disseminated to the public and the lapse of a reasonable time for the market to absorb the information; or
- 2. Would be considered by a reasonable person important under the circumstances in determining his course of action whether to buy, sell or hold Company shares.

F. ANTI-BRIBERY AND ANTI-CORRUPTION

1. Policy Objective

The Company is committed to doing business with honesty and integrity in compliance with all applicable laws and regulations and the highest ethical standards. The Anti-Bribery and Anti-Corruption Policy is adopted to prevent and avoid even the appearance of corrupt practices in any form, but not limited to bribery, fraud, extortion, collusion, conflict of interest, and money laundering.

2. Scope

The Policy shall cover all affiliated persons. It likewise applies to Company suppliers, business partners, contractors, and service providers (“Company partner”). All Company transactions, regardless of location and value, are subject to the Policy.

The Policy does not apply to gifts and/or services of reasonable value customarily given in the ordinary course of business and which are appropriate for the occasion.

3. Guidelines

- a. The Company prohibits any form of corruption both within the Company and in dealing with its business partners, service providers, customers, and government agencies and instrumentalities.
- b. "Corruption" refers to the misuse or abuse of office for private gain. It occurs when an affiliated person:
 - i. Offers, promises, gives, requests money, gifts, anything of value, or an undue advantage to another person to influence decisions or gain an unfair advantage in company transactions;
 - ii. Requests, receives, or accepts the promise of money, gifts, anything of value, or an undue advantage in exchange of performing or neglecting to perform an official function;
 - iii. Abuses official functions for personal gain; and
 - iv. Engages in any acts analogous to the above.
- c. An affiliated person must select Company partners who conduct their business ethically and understand and abide by the Company's anti-corruption policy.
- d. Any form of corruption or attempt at corruption, once substantiated, shall subject the affiliated person concerned to the appropriate disciplinary penalties, including termination and criminal prosecution. In case the policy is violated by a Company partner, the Company shall terminate the business relationship with such Company partner as soon as possible.
- e. Questions as to whether an act constitutes corruption shall be addressed to the Compliance Department for proper guidance.

4. Procedure

- a. Complaints alleging corruption may be submitted by any acceptable means, provided that the same contain sufficient information or details that will allow the Company to conduct an investigation. If available, the complainant should present evidence that will substantiate his complaint.
- b. Reports can be submitted to the HR Department or the Compliance Department, the Corporate Secretary, or the complainant's Department Head.
- c. The concerned department shall review the complaint and determine how to proceed in accordance with the Company's established policies. He shall determine if an investigation is necessary to validate the allegations. If so, said personnel shall discreetly conduct such investigation and submit its recommendations to the Head of HR or the Head of Compliance, as may be applicable.

G. CONFIDENTIALITY

It shall be the responsibility of all affiliated persons to safeguard sensitive company information. The disclosure, transmission, or communication of confidential records or data to unauthorized persons is strictly prohibited.

In particular, the affiliated person shall:

1. Not use, communicate, disclose, or disseminate, or permit the use, communication, disclosure, or dissemination of any confidential information;
2. Protect the confidential information and prevent the unauthorized use, dissemination, or publication of the confidential information;
3. Not disclose such confidential information to a person outside the Company.

The term “confidential information” shall refer to any and all information or material that is commercially valuable to the Company and not generally known or readily ascertainable in the industry and includes, but is not limited to: (i) technical information concerning the Company’s products and services; (ii) information concerning the Company’s business, including customer information, among others; (iii) information concerning the Company’s employees, representatives and agents; (iv) information submitted by the Company’s customers, affiliates, suppliers, employees, consultants for study, evaluation or use; (v) information concerning the Company’s affiliates; and (vi) any other information not generally known to the public which, if misused or disclosed, could reasonably be expected to adversely affect the Company’s business.

H. RELATED PARTY TRANSACTIONS

1. Policy Objective

Transactions between and among related parties may be beneficial for the parties concerned. In line with this, and to ensure the integrity of related party transactions (“RPTs”) and protect the interest of all stakeholders, the Company adopts this Related Party Transaction Policy. The RPT Policy aims to safeguard the Company against abuse and promote transparency in all RPTs, in compliance with applicable laws and regulations.

2. Scope

The RPT Policy applies to all Material RPTs as defined below.

3. Definition of Terms

Unless specifically stated otherwise, capitalized terms shall have the meanings ascribed below:

- a. *Affiliate*. Any entity linked directly or indirectly to the Company through any one or a combination of the following:

- i. Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock of the Company, or vice versa;
 - ii. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company or the entity;
 - iii. Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa;
 - iv. Interlocking directorship or officership, except for independent directors if any of the circumstances in (a), (b), or (c) are present.
- b. *Associate*. An entity over which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has a significant influence.
- c. *Control*. This is present when a person or entity has all of the following:
 - i. Power over the Company;
 - ii. Exposure or rights to variable returns from its involvement with the Company; and
 - iii. The ability to use its power over the Company to affect the amount of the Company's returns.
- d. *Material Related Party Transaction or Material RPT*. Related Party Transaction/s which meet/s the Materiality Threshold either individually or in aggregate over a twelve (12) month period with the same Related Party and is not otherwise an Exempt RPT.
- e. *Materiality Threshold*. Ten percent (10%) of the total consolidated assets of the Company and its subsidiaries based on its latest audited financial statements, or such lower threshold as may be set by the Board of Directors of the Company from time to time.
- f. *Related Party*. This includes the following:
 - i. The Company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree if he/she has control or joint control over the Company or has significant influence over the Company.
 - ii. An entity that is the parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture of the Company or an entity that is controlled or significantly influenced or managed by a person who is a Related Party.
- g. *Related Party Registry*. The Company's record of its and its related parties' organizational and structural composition, including changes thereon.

- h. *Related Party Transaction/s or RPT/s.* A transfer of resources, services, or obligations between the Company and a Related Party, regardless of whether a price is charged. It includes outstanding transactions entered into with an unrelated party that subsequently becomes a Related Party if, after the non-Related Party becomes a Related Party, the terms and conditions of the transactions are altered or there is an increase in the exposure level of the Company.

Unless otherwise provided for by law or rules and regulations promulgated by the pertinent regulatory authorities, the following transactions are exempt RPTs ("*Exempt RPTs*"):

- i. Compensation and employment matters;
 - ii. Transactions with similar terms available to all employees generally;
 - iii. Brokerage services and transactions with a Related Party, if the terms are generally the same or similar to offers of other brokers / fund distributors and/or to terms given to other clients in the ordinary course of business;
 - iv. Share transactions available to all stockholders on a pro-rata basis;
 - v. Transactions with a Related Party involving inter-company advances in exchange for rendering services; and
 - vi. Transfer of resources between the Company and its subsidiary/ies or among subsidiaries of the Company.
- i. *Significant Influence.* The power to participate in the financial and operating policy decisions of the Company, but without control or joint control over those policies.
- j. *Subsidiary.* A company that is controlled by another company.
- k. *Substantial Shareholder.* A person who is directly or indirectly the beneficial owner of more than ten (10%) of any class of the Company's shares.

4. Guiding Principle

Transactions between the Company and its Related Parties must be based on terms similar to those offered to non-Related Parties. RPTs should be done in the normal conduct of operations and must be recorded in the same manner as transactions that are entered into with other parties under similar circumstances.

5. Guidelines

a. Duties and Responsibilities

i. In General

Directors and officers with personal interest in the transaction shall fully and timely disclose any and all material facts, including their respective interests in the Material RPT and abstain from the discussion, approval, and management of such transaction or matter affecting the Company.

ii. Board of Directors

To ensure that RPTs are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of the Company's shareholders and other stakeholders, the Board shall carry out the following duties and responsibilities:

- 1) To institutionalize an overarching policy on the management of Material RPTs to ensure effective compliance with existing laws, rules, and regulations at all times and that material RPTs are conducted on an arm's length basis, and that no shareholder or stakeholder is unduly disadvantaged.
- 2) To approve all Material RPTs that cross the Materiality Threshold and write-off of material exposures to Related Parties, as well as any renewal or material changes in the terms and conditions of Material RPTs previously approved in accordance with this Policy. These material changes may include, but are not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor, and collateral requirement of the Material RPT.
- 3) To establish an effective audit, risk, and compliance system to:
 - a) Determine, identify, and monitor Related Parties and Material RPTs;
 - b) Continuously review and evaluate existing relationships between and among businesses and counterparties;
 - c) Identify, measure, monitor, and control risks arising from Material RPTs.

The system shall likewise be able to:

- a) Define the Related Parties' extent of relationship with the Company;
- b) Assess situations in which a non-Related Party with whom the Company has entered into a transaction with subsequently becomes a Related Party and vice versa;
- c) Generate information on the nature and amount of exposures of the Company to a particular Related Party; and

d) Facilitate submission of accurate reports to regulators and supervisors.

4) To oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing and ensure that stakeholders who raise concerns are protected from detrimental treatment or reprisals.

iii. Senior Management

Senior management shall implement appropriate controls to effectively manage and monitor Material RPTs on an individual transaction and aggregate basis.

iv. Audit Committee

The Audit Committee shall cause a periodic review of the effectiveness of the Company's system and internal controls governing Material RPTs to assess consistency with the Board-approved policies and procedures. It shall ensure that the resulting audit reports, including exceptions and breaches in limits, shall be communicated directly to it.

v. Compliance Officer

The Compliance Officer shall ensure that the Company complies with the applicable laws, rules, and regulations and is informed of regulatory developments in areas affecting related parties. He shall assist in the review of the Company's transactions and identify any potential Material RPT that would require review by the Board of Directors.

b. Related Party Registry

The Company shall maintain a Related Party Registry which must be reviewed and updated (as necessary) on a quarterly basis to capture organizational and structural changes in the Company and its Related Parties.

c. Procedure

i. Appointment of External Independent Party

Before execution of the Material RPT, the Board of Directors shall appoint an external independent party to review of the fairness of the other terms of the Material RPT.

In conducting a review, the external independent party may consider, among others, (1) whether the terms are similar to those usually offered to non-related parties under similar circumstances; (2) the terms of the transaction, including the aggregate value and timing thereof; (3) the purpose of the transaction; and (4) other material information or criteria that the Board of Directors deems relevant.

The external independent party may also review the price discovery mechanism used by the Company or review the commercial terms of the Material RPT.

This external independent party may include, among others, auditing or accounting firms, and third party consultants and appraisers.

ii. Disclosure Requirements

The directors, Substantial Shareholders, and officers of the Company shall disclose to the Board of Directors all material facts related to the Material RPTs and their financial interest (direct or indirect) in any transaction or matter that may affect the Company. Such disclosure shall be made at the Board meeting where the Material RPT will be presented for approval and before the completion or execution of the Material RPT.

iii. Approvals Required

- 1) All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the same. If the majority of independent directors vote is not secured, a vote by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company may ratify the transaction.
- 2) In case of aggregate Material RPTs (i.e. Materiality Threshold is met within a twelve (12) month period), the same board approval would be required for the transaction/s that meets and exceeds the Materiality Threshold covering the same Related Party.
- 3) A director with personal interest in the Material RPT shall abstain from participating in the discussions and voting on the matter. His attendance shall not be counted for purposes of the quorum and his vote not considered for determining majority approval.

iv. Whistleblowing Policy

The Company's Whistleblowing Policy shall apply with respect to all reports in good faith concerning questionable Material RPTs.

v. Remedies

All Material RPTs which have been determined to have not been entered at arm's length and unduly favor a Related Party will be referred to the Company's Compliance Department for review on the possible remedies which may include, among others, pre-termination of the contract concerned.

The personnel, officers, and/or directors involved in the Material RPT concerned and/or were remiss in their duties in reviewing the Material RPT, if any, may be subject to the appropriate disciplinary sanctions, as stated in the Company's Office and Employee Manuals and other applicable policies. In addition, in case the erring person is a Company director, and on the basis of a final judgment rendered by a court of competent jurisdiction, he may also be disqualified from seeking reelection as director of the Company for the periods as may be determined by the SEC.

I. WHISTLEBLOWING POLICY

1. Policy Objective

The Company promotes an environment of trust and camaraderie amongst its various stakeholders. In the pursuit of its commitment to integrity and ethical service, the Company adopts the Whistleblower Policy to establish a framework that will encourage its personnel to report, without fear of retaliation, actions which are or are suspected to be contrary to ethics, laws, regulations, or Company policies.

2. Scope

The Whistleblowing Policy shall cover all affiliated persons who report in good faith their concerns involving: (a) any violations or suspected violations of: (i) Company policies, rules, and regulations; (ii) applicable laws, implementing rules, and regulatory issuances; (b) actions inimical to the best interest and/or reputation of the Company; (c) unreasonable, unjust, discriminatory, or unethical conduct; or (d) any other conduct similar to the foregoing.

Any report filed in good faith shall be subject to the Whistleblowing Policy, regardless of the outcome of the investigation made pursuant to said report.

3. Guidelines

- a. *Good Faith Requirement.* An affiliated person filing a report under the Whistleblowing Policy (“Whistleblower”) must be in good faith and must have reasonable grounds to believe that the information contained in the report is true and correct.
- b. *Malicious Reporting.* Any person who, with malice, or in bad faith, reports or files a completely unwarranted or false report shall be subject to applicable disciplinary penalties.
- c. *Confidentiality.* All reports shall be considered as confidential. If so requested by the Whistleblower, the Company shall also protect his identity unless his identity and/or his testimony is essential in substantiating the Report. The obligation of confidentiality of reports shall be subject to the requirements of a sound investigation of the claim.
- d. *Anonymous Reporting.* The Company may investigate reports made anonymously, provided, that the same can be validated from reliable sources.
- e. *Protection from Reprisal.* The Company shall exert its best efforts to ensure the protection of the Whistleblower from retaliation, reprisal, harassment, or adverse consequences. Any such harassment or retaliatory action shall be subject to the appropriate disciplinary penalty.
- f. *Procedure.*
 - i. Reports may be submitted by any acceptable means, provided that the same contain sufficient information or details that will allow the Company to conduct an investigation. If available, the Whistleblower should present evidence that will substantiate his report.
 - ii. Reports can be submitted to either the HR Department or the Compliance Department.

- iii. The receiving department shall review the same and determine how to proceed in accordance with the Company's established policies. He shall determine if an investigation is necessary to validate the allegations in the report. If so, he shall discreetly conduct such investigation and submit its recommendations to the Head of HR or the Head of Compliance, as may be applicable.

J. DISCLOSURE

The Board shall publicly and timely disclose material information that could adversely affect the viability of the Company or the interests of its stockholders and other stakeholders. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

The Board shall commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

The reports or disclosure required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer.

K. PROTECTION AND PROPER USE OF ASSETS

All affiliated persons must always act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness.

Each employee must take care of Company property and assets and maintain the confidentiality of confidential information. The Company's Code of Discipline penalizes the unauthorized use of Company property.

L. RECORD KEEPING, REPORTING, AND FINANCIAL INTEGRITY

Books and records must be maintained and must reflect complete and accurate financial information. All books and records must be retained within the period required by law.

M. HEALTH AND SAFETY

The Company provides a clean, safe, and healthy work environment. As part of its thrust to promote the well-being of its employees, the Company provides all regular employees with health insurance.

All affiliated persons are likewise expected to behave in accordance with the Company's prescribed standards while within Company premises or during Company-sponsored events, regardless of the location where such events are being held.

For security reasons, the Company's premises are monitored using CCTV cameras.

N. LABOR LAW AND POLICIES

The Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance. It respects the rights of its employees and complies with applicable employment laws, rules, and issuances.

O. CONFLICT RESOLUTION

The Board encourages all directors to air any grievances and to exert good faith efforts to resolve them.

All employees must be treated fairly and allowed to present their valid grievances freely and without fear of reprisal. As much as possible, it is preferable that the grievance be resolved informally and promptly by the Supervising Officer and the employee with a grievance ("Aggrieved Employee"). In case the above is not possible, the procedure instituted in the Company's Employee Manual shall apply.

P. DISCIPLINARY ACTION

The Board may implement rules, procedures, and criteria in relation to disciplinary actions against its directors.

With respect to its employees, the Company believes that positive and supportive actions, and not punitive measures, are effective in promoting professionalism, harmony, and discipline among employees.

In imposing disciplinary actions for violations of Company rules and regulations, the Company ensures that the disciplinary action is proportional to the gravity of the offense, that it is imposed in compliance with the requirement of due process, and, as much as possible, in progressively increasing severity.

Q. MONITORING OF COMPLIANCE

All affiliated persons are expected to comply with the business and ethical policy of the Company and report instances of violation of the same. With respect to employees, in particular, the Company's Human Resources Department is tasked with monitoring compliance and resolving violations thereof, if any.