



METRO PACIFIC TOLLWAYS CORPORATION

CONFLICT OF INTEREST POLICY

In order to provide guidelines and fully implement the Conflict of Interest and Corporate Opportunities provisions under the Code of Business Conduct and Ethics of Metro Pacific Tollways Corporation, ("MPTC" or the "Company") as ratified by the MPTC Board of Directors (the "Board") on 23 February 2011, this Conflict of Interest policy is hereby issued.

1. **Rationale -**

MPTC, as a Tollways company in the Philippines imbued with public interest, has a duty to its stakeholders (i.e. stockholders and investors, directors, officers, and employees, customers and business partners; the public it serves; and the government and regulators) to ensure that the principles of integrity, transparency, accountability and fairness are upheld in all transactions and official transactions of MPTC. In this regard, we must make sure that all work-related decisions, actions or inactions of MPTC directors, officers, employees and consultants are above-board and based on sound business principles and judgment and devoid of bias or partiality.

2. **General Statement of the Policy -**

As a policy, transactions which are or may have the potential of being deemed as Conflict of Interest transactions are prohibited. All business decisions of the Directors, Employees and Consultants must be based on the best interest of MPTC and its subsidiaries and affiliates and must not be motivated by personal considerations and other relationships that can interfere with their independent judgment.

3. **Applicability -**

- a) This policy shall apply to, and be implemented by, all members of the Board of Directors (each, a "Director" and collectively, the "Directors"), officers, executives, and employees (each, an "Employee" and collectively, the "Employees") and Consultants¹ of MPTC ("MPTC" or the "Company"), its subordinates and affiliates.

¹ Only with respect to business transactions not covered by the scope of their professional engagement that are made or entered into with MPTC directly or indirectly through corporations or firms they or their Affiliates represent or where they or their Affiliates own more than ten percent (10%) of the subscribed capital or equity of such corporations or firms, or partnerships where they or their Affiliates are general partners.

Directors, Employees and Consultants may become involved in situations where their private interests or those of their Affiliates may conflict with the interest of MPTC and its subsidiaries and affiliates. It is the obligation of each Director, Employee and Consultant to avoid any actual or apparent Conflict of Interest between MPTC and/or the Group and the Director/Employee/Consultant and/or his Affiliate. At all times, Directors, Employees and Consultants must be loyal to MPTC and the Group.

This policy sets standards to govern conduct in such situations.

- b) It is the intention of the MPTC Board that a similar policy shall be adopted and implemented by each MPTC Subsidiary² and their respective subsidiaries³, and the respective Presidents of these companies shall recommend the adoption of this policy (or a similar one) to their respective Boards of Directors.

4. **Definitions** – For purposes of this policy,

- a) **Affiliate** – any person, entity, organization, business or venture with whom/which a Director, Employee or Consultant has an affiliation, personal relationship or financial involvement. These include, among others:

- i. Relatives (as hereunder defined).
- ii. Associates (as hereunder defined).
- iii. Corporations or firms where a Director/Employee/Consultant and/or his Relative holds a position as director, officer or executive of such corporations or firms.
- iv. Corporations or firms where a Director/Employee/Consultant and/or his Relative either singly or collectively, holds/owns more than ten percent (10%) of the subscribed capital or equity of such corporations or firms.
- v. Corporations or firms wholly or majority owned or controlled by the corporation or firm where a Director/Employee/Consultant and/or his Relative, either singly or collectively, holds/owns more than ten percent (10%) of the subscribed capital or equity of such corporations or firms.
- vi. Partnerships of which a Director/Employee/Consultant or his Affiliate is a general partner.

A co-ownership in which a Director/Employee/Consultant or his Affiliate is one of the co-owners of a property sold, assigned or leased to MPTC or any company within the Group, except where the sale, assignment and/or lease covers only the other co-owner's (who is not the Director/Employee/Consultant or his Affiliate) undivided interest in the property.

² For purposes of this policy, MPTC group of Companies shall refer to MPTC and its Subsidiaries or any individual member company of the group. The MPTC Group of Companies consists of MPTC, its and affiliates. The following are MPTC's and affiliates: Manila North Tollways Corporation (MNTC) and Tollways Management Corporation (TMC).]

³ For the purpose of this policy, MPTC subsidiary is Manila North Tollways Corporation while its affiliate is Tollways Management Corporation.

⁴ For purposes of this policy, subsidiaries shall mean a company where the parent company is the legal or beneficial owner of more than fifty percent (50%) of the issued and outstanding capital stock of the subsidiary company.

- b) Associates – third parties with existing or previous close personal or business affiliation or relationship with a Director, Employee or Consultant in view of which a Director, Employee or Consultant’s decisions or actions in the best interest of MPTC and/or the Group is unduly affected or compromised.
- c) Conflict of Interest – occurs when the private interest of a Director, Employee, Consultant and/or his Affiliate interferes or appears to interfere in any way with the interest of MPTC and/or Group. It can arise when a Director, Employee or Consultant has interests that may make it difficult to perform his or her work objectively and effectively regardless of whether he or his Affiliate receives or will receive Personal Benefit (as hereinafter defined). Conflict of Interest can also arise when a Director, Employee, Consultant and/or his Affiliate receives or will receive improper Personal Benefit from a transaction with MPTC and/or the Group as a result of the Director, Employee or Consultant’s position in MPTC and/or any within the Group.
- d) Consultants – includes professional consultants, firms, partnerships, counsels, or such other professional entities or individuals rendering professional or specialized expert services to MPTC and/or any company within the Group, as well as advisors of the Company who may be appointed by the Board of Directors or the President/CEO, or who act as representatives of the Company’s investors, shareholders, affiliates or partners.
- e) Employee – any individual hired by MPTC for salaries and/or benefits provided in regular amounts at stated intervals in exchange for services rendered personally for the Company’s business on a regular basis and who does not provide such services as part of an independent business. This includes MPTC’s officers, managers, supervisors, staff or non-supervisors and, only for purposes of these guidelines, Subsidiaries’ employees who also work for/serve MPTC (e.g. on a seconded basis).
- f) Personal Benefit – refers to gain or advantage, whether material or non-material, directly or indirectly provided to or received by a Director, Employee, Consultant and/or his Affiliate, such as financial gain, professional advancement, travel, facilities and/or accommodation, benefits, entertainment, preferential treatment in personal transactions, and other similar advantages.
- g) Relatives – relative of up to the third degree, by consanguinity, affinity or legal adoption, including spouse, parents, children (and their spouses) siblings, (and their spouses), nieces and nephews (limited to children of brothers or sisters) [and their spouses], grandparents, and aunts and uncles (limited to sisters or brothers of parents); and a domestic partner and his relatives of up to third degree, by consanguinity, affinity or legal adoption.

5. **Areas in which Conflicts of Interest May Arise** – The areas enumerated are descriptive only and not exhaustive. Other areas not described herein shall be evaluated on a case to case basis within the standards and parameters set forth in this Policy. Examples of violations of the policy in each area are found in Annex “A” hereof.

a) *Dealings with and as Suppliers, Contractors, Business Partners, Consultants, and Third Parties*

Directors, Employees and Consultants are enjoined from giving undue preferential treatment to any individual or entity with whom MPTC and/or any company within the Group does business. Further, Directors, Employees and Consultants shall avoid circumstances that could, or could be reasonably expected to, impair their objectivity in the performance of their duties and obligations to MPTC and/or any company within the Group. In this regard, Directors, Employees and Consultants are proscribed from participating in any part of the transactions, dealings or decision-making process with respect to any existing or potential supplier, contractor, business partner, or consultant of the Company in which they or their Affiliate have an interest, including any acts that may be deemed as seeking to influence any action or inaction with respect to such parties.

Authorized Employees shall select and deal with suppliers, contractors, business partners, consultants, and third parties doing or seeking to do business with MPTC and/or any company within the Group in an impartial manner. In this connection, authorized Employees shall award and maintain contracts or transactions on arm's length commercial terms, based only on the best interest of MPTC and/or the relevant company within the Group and under strict rules of fairness and confidentiality. The foregoing standards shall also be observed with respect to contracts and transactions between companies within the Group.

b) *Dealings with Directors, Employees, Consultants and Prospective Employees or Consultants*

Conflict of Interest can arise in a wide range of human resources matters, such as recruitment and selection, promotion, disciplinary procedures, staff development, performance review, benefits, and remuneration. In this area, Directors, Employees and Consultants shall ensure that they treat each other, as well as prospective employees/consultants, with respect, fairness, impartiality, and equal opportunity, including respect for varying views and individual ideas, regardless of rank, seniority or relationship. Directors, Employees and Consultants shall avoid any action or inaction that gives undue preferential treatment or discriminates against any Director/Employee/Consultant or prospective employee/consultant. In this regard, Directors, Employees and Consultants are proscribed from taking part in any decision making process on human resources matters with respect to their Affiliates, including any action that may be deemed as seeking to influence any official action with respect to such Affiliates.

c) *Directorships, Executive Positions and Employment in Other Companies or Organizations*

Directors, Employees and Consultants shall avoid accepting positions or employment, or carrying out work outside of MPTC or the Group where a Conflict of Interest or loyalty may arise and which may significantly affect the Director, Employee and Consultant's efficiency in the performance of his duties and obligations to MPTC and/or any company within the Group, or otherwise adversely affect his work for MPTC and/or any company within the Group. For Employees and Consultants, the Human Resources Management and Development Group ("HRAD") shall prescribe the requirements and/or guidelines for permissible outside positions, employment or work. For Directors, the requirements and conditions in this policy shall be in addition to those contained in MPTC's By-Laws, Manual on Corporate Governance, and other applicable laws, rules and regulations.

d) *Use of Property, Services and Other Resources*

Directors, Employees and Consultants are expected to use the property, services or other resources of MPTC and/or the Group responsibly, efficiently, with care and only for purposes authorized or allowed under the policies or guidelines, with care and only for purposes authorized or allowed under the policies or guidelines issued by MPTC or any company within the Group, as the case may be. Accordingly, Directors, Employees and Consultants are reminded to avoid the more than inconsequential use of the property, services or other resources of MPTC or any company within the Group for their Personal Benefit or in a manner not solely for the benefit of MPTC or the Group, unless the applicable policy or guidelines expressly allow personal use of such property, services or other resources (e.g. Company-issued executive cars, cellular phones, landlines, club rights, etc.). The HRAD shall be responsible for releasing implementing guidelines with respect to the responsible use of Company-issued properties and/or rights. Further, Directors, Employees and Consultants shall refrain from taking advantage of the property, information of, or their positions in MPTC or any company within the Group, or opportunities arising from these, for their Personal Benefit or to act against the best interest of MPTC or the Group.

e) *Dealings with Customers or Clients*

Directors, Employees and Consultants shall ensure that they treat all customers and clients of MPTC and the Group with respect, fairness, impartiality, and equal opportunity. Directors, Employees and Consultants shall avoid granting to their Affiliates preferential terms including discounts not ordinarily available to other customers/clients, from which Personal Benefit will be derived by such Affiliate.

f) *Prohibited Conflict of Interest Situations*

g.1 No Director or officer shall, in breach of his fiduciary duty to the Company, acquire or attempt to acquire directly or indirectly through an Affiliate any business opportunity in the line of the Company's business, in which the Company has an interest or a reasonable expectancy and which the Company is financially able to undertake, where the personal interest of the Director or officer will be in conflict with the interest of the Company.

g.2 The Company shall not, directly or indirectly, including through any Subsidiary or affiliate, grant or arrange for any credit (or extensions thereof) in the form of personal loans to any Director or officer, unless allowed by applicable laws and regulations.

6. **What needs to be done** – Primarily, Directors, Employees and Consultants must **disclose in writing** any actual or potential instances and/or situations where they may have a Conflict of Interest or the appearance of a Conflict of Interest to the relevant authorities specified herein, as soon as they become aware of such actual or potential instances and/or situations. Depending on the nature of the conflict situation, conflicted Directors, Employees and Consultants may be required to comply with other requirements.

a) *In situations falling under Item No. 5(a) above*, and where the Conflict of Interest business transaction cannot be avoided or where a particular business transaction has the potential of being categorized as a Conflict of Interest business transaction or official action, the Director, Employee or Consultant concerned shall make a full written disclosure of such transaction and his or his Affiliate's private interest in the transaction or official action, as follows:

a.1 For Directors

To: The Board of Directors through its Chairman

Cc: The Corporate Governance Office (“CGO”) through the Compliance Officer

a.2 For Group Heads

To: The President and CEO

Cc: The CGO through the Compliance Officer

a.3 For Staff/Non-Supervisory Employees, Supervisory Employees, Managers and Department Heads

To: The Group Head (or if the business unit of the conflicted Employee is not part of a Group, the highest ranking officer of the highest department to which the conflicted Employee belongs)

Cc: The CGO through the Compliance Officer

a.4 For Consultants

To: The Group Head (or if the business unit of the conflicted Consultant is not part of a Group, the highest ranking officer of the highest department to which the conflicted Consultant belongs) of the business unit for which the Consultant renders professional service

Cc: The CGO through the Compliance Officer

The Director, Employee or Consultant concerned shall likewise inhibit himself from any direct or indirect participation or involvement at any stage of the transactional process flow and cannot sign any paper or document related to the transaction.

In addition to the requirements of Sections 31 to 33 of the Corporation Code (where applicable), business transactions involving a conflicted Director shall be subject to the approval of the Board; while those involving a conflicted officer shall be subject to the approval of the President and CEO; and those involving a Consultant and other Employees shall be subject to the approval of the Management Committee; *Provided*, however, that in any transaction involving a conflicted Employee (including an officer) or Consultant where the amount of such transaction exceeds the level of approving authority of the President and CEO or Management Committee, as the case may be, the approval of such transaction shall be made by the relevant authority or authorities having the power to approve such transaction based on the Board-approved approval matrix in effect at the relevant time; *Provided*, further, that in all cases, the actual evaluation of the commercial and technical aspects of the transaction, including recommendation to award, shall be made and conducted by the appropriate management bodies or business units in accordance with the established procedures of the Company. Accordingly, the supporting documents, such as

disclosures, reports and recommendations shall be provided to the said relevant authorities who are authorized to approve the transaction involving the conflicted Director, Employee or Consultant

b) *In situations falling under Item No. 5(b) above*, and where the official action constituting a Conflict of Interest situation cannot be avoided or where a particular official action has the potential of being categorized as a Conflict of Interest official action, the Director, Employee or Consultant concerned shall make a full written disclosure of such official action and his or his Affiliate's private interest in the official action, as follows:

b.1 For Directors

To: The Board of Directors through its Chairman

Cc: The CGO through the Compliance Officer

b.2 For Group Heads

To: The President and CEO

Cc: The CGO through the Compliance Officer

b.3 For Staff/Non-Supervisory Employees, Supervisory Employees, Managers and Department Heads

To: The Group Head (or if the business unit of the conflicted Employee is not part of a Group, the highest ranking officer of the highest department to which the conflicted Employee belongs)

Cc: The Corporate Governance Office ("CGO") through the Compliance Officer

The Director, Employee or Consultant concerned shall likewise inhibit himself from any direct or indirect participation or involvement at any stage of the official action process flow and cannot sign any paper or document related to the official action.

Official actions involving a conflicted Director of the HRAD Head shall be subject to the approval of the CGO. For official actions involving a conflicted Employee or Consultant, the approval of the HRAD Head shall be required.

c) *In situations falling under Item No. 5(c) above* – Directors, Employees and Consultants shall fully disclose in writing all their existing, intended or prospective employments, involvements, positions, and Affiliates that may present a possible Conflict of Interest or the appearance of a conflict as follows:

c.1 For Directors

To: The Board of Directors

Cc: The CGO through the Compliance Officer

c.2 For Group Head and Consultants

To: The President and CEO

Cc: The CGO through the Compliance Officer

c.3 For Staff/Non-Supervisory Employees, Supervisory Employees, Managers and Heads

To: The Group Head (or if the business unit of the conflicted Employee is not part of a Group, the highest ranking officer of the highest department to which the conflicted Employee belongs.

Cc: The CGO through the Compliance Officer

Employees and Consultants who intend to accept positions, employment or work outside of MPTC or the Group of the nature referred to in Item 5(c) must secure prior approval thereof from the relevant authorities referred to above.

d) In situations falling under Item No. 5(d), Directors, Employees and Consultants who intend to use property, services and other resources of MPTC and/or any company within the Group beyond the scope expressly allowed under applicable Company policy or guidelines must make a disclosure to and obtain the prior approval of the relevant authorities specified below:

d.1 For Directors

To: The Board of Directors through the Chairman

Cc: The CGO through the Compliance Officer

d.2 For Group Heads and Consultants

To: The President and CEO

Cc: The CGO through the Compliance Officer

d.3 For Staff/Non-Supervisory Employees, Supervisory Employees, Managers and Department Heads

To: The Group Head (or if the business unit of the conflicted Employee is not part of a Group, the highest ranking officer of the highest department to which the conflicted employee belongs)

Cc: The CGO through the Compliance Officer

Any personal use of Company-issued property/rights permitted under the applicable Company policy or guidelines as referred to him in Item No. 5(d) shall be in accordance with conditions set out in the implementing guidelines to be issued by the HRAD.

e) *In situations falling under Item No. 5(e) above*, the initial contract award for the dealership or distributorship shall follow the requirements of Item No. 6(a) above. For other transactions or official actions arising from an existing and valid dealership or distributorship contract involving a dealer or distributor in which a Director, Employee, Consultant and/or his Affiliate has a private interest, and where no disclosure has yet been made, the Director, Employee or Consultant concerned shall make a full written disclosure of the transaction or official action and his or his Affiliate's private interest in the transaction or official action to the same

authorities referred to in Item 6(a) above. The Director, Employee or Consultant shall likewise inhibit himself from any direct or indirect participation or involvement at any stage of the transactional or official action process flow and cannot sign any paper or document related to the action or transaction.

f) *For situations falling under Item No. 5(f) above*

No disclosure is necessary.

g) *For situations falling under Item No. 5(g) above*

Any waiver of the prohibition specified under Item No. 5(g) shall be subject to Board approval and the transaction entered into by the Director or officer shall be subject to ratification by stockholders owning or representing at least two-thirds (2/3) of the Company's outstanding shares with voting rights.

h) *Role of the CGO*

Original signed duplicates of all disclosures submitted pursuant to this policy and notices of each approval or disapproval by the relevant authorities referred to above of the transactions or action so disclosed and submitted for approval shall be furnished to the CGO. Approvals or disapprovals shall be in writing and in accordance with this policy and any applicable implementing guidelines. Further, the CGO, upon the request of the relevant approving authorities, may recommend appropriate actions or interpret provisions of this policy to specific apparent or potential conflict situations.

For a summary of the disclosure and other requirements for each area in which a Conflict of Interest may arise, please see Annex "B".

7. **Consequences of Violations** – Any Director, Employee or Consultant found to have violated this policy shall, in addition to any penalties that may be provided under the Company Code of Discipline, applicable laws and regulations, be liable to the extent of the damage/loss suffered by MPTC or the relevant company in the Group, and may be subject to penalties and sanctions as may be determined by the appropriate corporate authorities, whether or not damage/loss is actually suffered by MPTC or the relevant company in the Group.

8. **Effectivity** – This policy shall take effect immediately. All existing policies, guidelines, regulations, systems, practices and related implementing guidelines concerning the same matters covered herein are deemed superseded by this policy. In the event of any inconsistency between the policy contained herein and the terms of other existing policies, guidelines, systems practices and related implementing guidelines, this policy shall prevail. This policy and the Code of Business Conduct and Ethics have supplemental application to each other.

The HRAD shall develop implementing guidelines to ensure that Employees and Consultants are required to periodically disclose their Affiliate and other relationships that may affect the effective and objective performance of their duties. On the other hand, the Commercial Management Division ("CMD") shall ensure that suppliers, contractors, business partners, consultants and other third

parties doing or seeking to do business with MPTC, its subordinates and affiliates shall periodically declare their relationships and/or affiliations, with any MPTC Director, Employee or Consultant as a pre-condition to the commencement or maintenance of the business relationship with MPTC and/or the Group.

9. **Questions** – For any questions about this policy or in the determination of whether a Conflict of Interest exists in any particular situation, you may approach your immediate superior, the HRAD, the Internal Audit Head.

This policy took effect on 23 February 2011.

Reviewed by / Endorsed by:

(Signed)
CORAZON M. RAQUEDAN
Chief Audit Executive

Approved by:

(Signed)
RAMONCITO S. FERNANDEZ
President & Chief Executive Officer

APPROVED BY THE BOARD OF DIRECTORS ON 23 FEBRUARY 2011.

ANNEX “A”

EXAMPLES OF POLICY VIOLATIONS

The following are examples of situations which may arise illustrating a potential Conflict of Interest situation. The areas and situations enumerated are illustrative only and not exhaustive.

A. Dealings with and as Suppliers, Contractors, Business Partner, Consultants and Third Parties

1. Failure of a Director, Employee or Consultant to disclose and procure the required approval from the relevant authorities of a transaction or potential transaction with MPTC or any company within the Group in which he or his Affiliate has personal interest or which give rise, or is reasonably expected to give rise, to a Conflict of Interest.
2. Failure of a Director, Employee or Consultant to inhibit himself from any involvement or participation in the decision making process, actions or other dealings regarding a transaction with MPTC or any company within the group in which he or his Affiliate has a personal interest and which he is in a position to control or influence any decision or action in such transaction.
3. When an authorized Employee awards a business to an entity in which a Director, Employee or Consultant of his Affiliate has a private interest, where such award is not based on the best interest of MPTC, or had not been approved by the relevant authorities.

B. Dealings with Directors, Employees, Consultants and Prospective Employees or Consultants

1. When a Director, Employee or Consultant directly or indirectly contributes to a decision to hire, promote or provision of employee advancement of a Relative in MPTC or any of the companies within the Group.
2. Where a Director, Employee or Consultant directly supervises his Relative who is an employee of MPTC or any of the companies within the Group.

C. Directorships, executive positions and other employment in other companies or organizations

1. Employee or Consultant’s participation in paid or unpaid activities which may result in said Employee or Consultant’s neglect of his duties and responsibilities to MPTC or any of the companies within the Group.
2. An Employee or Consultant taking a part-time job where such Employee or Consultant may be tempted to spend time on that job during his working hours in MPTC.

D. Use of the property, services and other resources

1. More than inconsequential use of MPTC or any of the companies within the Group's office supplies for a Director, Employee or Consultant's other employment or positions outside of MPTC or any of the companies within the Group.
2. Use of MPTC or any of the companies within the Group's service vehicles during the weekend by the Director, Employee, Consultant and/or his Affiliates, where such Director, Employee or Consultant is not an official business of MPTC or any of the companies within the Group. For the avoidance of doubt, this does not apply to vehicles assigned to managers and heads under any car plan.

E. Dealings with Customers or Clients

1. In dealings with customer or clients

Example violation: Your family owns a Car Repair Shop. Because of your relationship with the decision makers, you were able to personally negotiate with MPTDC group preferential payment terms for services that are not available to the other customers.

F. Prohibited Conflict Situations

1. A Director or officer who by virtue of his position learns about a business investment that the Company is planning to make, such as the purchase of a real property at a good location and at a low price; and such Director or officer takes advantage of such knowledge and purchases such property and thereafter profits from the re-sale of such parcel of land.
2. A subsidiary of the Company grants a personal loan to a Director or officer of the Company.