



METRO PACIFIC TOLLWAYS CORPORATION

POLICY ON GIFT GIVING ACTIVITIES

1. Purpose

Gift-giving, when appropriate and reasonable, is a customary practice that can enhance business relationships. Yet gift-giving, when un-regulated and uncontrolled, may pose serious threat on the Company's reputation within the business community and society in general. Likewise, gift-giving to government offices/officials is highly regulated and certain gifts to government offices/officials and, under certain circumstances, to private non-governmental entities are prohibited by law and regulations.

This policy provides guidance and procedural safeguards with respect to giving gifts to government officers/officials and business partners for or on behalf of Tollways in accordance with applicable laws and Company policies. Directors, officers, employees and consultants are enjoined to strictly comply with this Policy.

2. Scope

This policy is issued to ensure that the gift-giving activities of Tollways are aligned with the MVP Group, compliant with applicable laws, and consistent with the Company's core values and policies.

3. Definitions — For Purposes of this policy

- a. Applicable Laws** — Refers to laws governing gift-giving, whether local or foreign, including but not limited to the Code of Conduct and Ethical Standards for Public Officials and Employees (Republic Act No. 6713), Anti-Graft and Corrupt Practices Act (Republic Act No. 3019, as amended), Revised Penal Code (Act No. 3815, as amended¹ and the Foreign Corrupt Practices Act, any regulations implementing such laws, and any amendments or supplements to such laws and regulations, and any laws or regulations repealing and supplanting such laws and regulations.
- b. Business Partners** — Refers to private non-governmental entities, persons and/or their representatives, with whom the Company does or intends to do business, directly or indirectly, including suppliers, contractors, customers and dealers.

1 See Endnotes

- c. Company Policies** — Refers to the policies of the Company pertaining to gift-giving and their implementing guidelines and practices, which shall also include but shall not be limited to, and as may be applicable, the Code of Business Conduct and Ethics, Conflict of Interest Policy, Supplier/Contractor Relations Policy, Gifts, Entertainment & Sponsored Travel Policy and the Code of Discipline.
- d. Gift** — Refers to money or anything of monetary value, including monetary or non-monetary advantages or benefits, given for or on behalf of the Company, or in the name of the Company, including: (a) Christmas gifts, (b) corporate giveaways, (c) business courtesies or amenities, such as meals, entertainment, travel and service, (d) prizes, event ticket/passes and other gifts given or raffled during Company-sponsored marketing, promotional and other events; and (e) contributions for charitable, social, cultural, scientific or humanitarian purposes.
- e. Government Office** — Refers to any government entity, whether national, local, or foreign, including any department, agency or instrumentality of a government entity, government-owned or government controlled entities, and public international organizations.
- f. Government Official** — Refers to public officials and employees or officials and employees working at or on behalf of a government office as defined above.
- g. Tollways or Company** — Refers to Metro Pacific Tollways Corporation and its subsidiaries and affiliates.

4. Guidelines

A. Guiding Principles

1. The giving of gifts as a token of esteem and gratitude is an accepted practice in the business community. However, if tainted with impropriety and bad faith, gift-giving can compromise corporate reputation. If made in violation of Applicable Laws, it can result in legal liabilities of the Company and/or its officers and employees.
2. As the Company expects its gifts policy to be respected, the Company's gift-giving should be sensitive to and respectful of the gifts policy of the intended recipient. Our gift-giving should be in consonance with our acceptance of gifts.
3. The offering or giving of gifts by the Company, its directors, officers, employees and consultants to government offices/officials and business partners must comply with Applicable Laws and Company Policies. The directors, officers, employees and consultants responsible for the offering or giving of such gifts have the responsibility to make a proper risk assessment in order to ensure that: (a) it will be compliant with Applicable Laws and Company Policies; (b) it will not give the appearance of impropriety or bad faith; and (c) the public disclosure of the facts surrounding the giving of such gifts is not expected to, and will not damage, the Company's reputation in any way.

B. Prohibited Offering and Giving of Gifts

1. The Company, its directors, officers, employees and consultants must not, directly or indirectly, offer or give a gift to a government office/official under any of the following circumstances:

- a. Where the government office/official is prohibited under Applicable Laws, under pain of penalty, from soliciting or receiving any gift by reason of the position or in connection with the performance of official duties, or any operation being regulated or transaction which may be affected by the functions, of that government office/official; or
- b. With the intention or for the purpose of influencing any action or decision of such government office/official, or obtaining improper disadvantages, or including such government office/official to act or refrain or omit to act in violation of such government office/official's legal duty.

Examples of prohibited gifts to a government office/official are those given to: (a) obtain or retain contracts, permits or licenses; (b) influence the procurement process; (c) circumvent the rules for importation of products; (d) gain access to non-public bid tender information; (e) evade taxes or penalties; (f) to influence the adjudication of lawsuits or enforcement actions (g) obtain exceptions to regulations; or (h) to avoid contract termination; or those which are not recorded or not accurately characterized in the Company's books and records.

2. The Company, its directors, officers, employees and consultants must not, directly or indirectly, offer or give any gift to a business partner with the intention or for the purpose of obtaining improper advantages or benefits.

Examples of prohibited gifts to a business partner are those given to bring about the improper performance by another person of a relevant function or activity or to reward such improper performance, or where the giver knows or believes that the acceptance of the gift offered or given itself constitutes the improper performance of a relevant function or activity.

C. Regulated Offering or Giving of Gifts

1. The offering or giving of gifts to government offices/officials and business partners is permitted in certain cases, subject to the following conditions and requirements:
 - a. It must not be prohibited by Applicable Laws or Company Policies.
 - i. For government offices/officials: (a) Only unsolicited gifts or tokens of nominal or insignificant value offered or given as a mere ordinary token of gratitude or friendship according to local customs or usage in accordance with Section 14 or Republic Act No. 3019 and Section 3(d) and 7(d) of Republic Act No. 6713 may be offered or given; and (b) the government-prescribed limits on the amount of such gifts or tokens of nominal or insignificant value should be observed.
 - ii. For business partners: Gifts to be offered or given must be reasonable and proper for the occasion and not extravagant or frequent as to suggest an improper or corrupt intent or purpose and the value of the gift must not exceed that's allowed under the Policy on Gifts, Entertainment and Sponsored Travel and its implementing guidelines, unless otherwise priorly authorized by the President and CEO as a valid exception that is consistent with the purpose and guiding principles set forth in the policy.
 - b. It must be for a legitimate purpose and not for any of the purposes stated in Section B.1 and B.2.

- c. It must not be in cash or cash equivalents unless otherwise priorly authorized by the President and CEO as a valid exception that is consistent with the purpose and guiding principles set forth in this policy.
 - d. It must not contravene the Company's obligations, as a service provider or otherwise, to the recipient government office/official or business partners
 - e. It must respect the rules and policies regarding gifts of the recipient government office/official or business partner.
 - f. It must be properly recorded in the Company's books and records.
 - g. It must be transparent.
 - h. The gifts must be procured and the gift-giving processed in accordance with the controls, safeguards and procedures provided in relevant Company policies and practices, including those set forth in Section D below.
2. In case of doubt on whether or not an offering or giving of gift is permitted under this Section C, or will violate Applicable Laws or Company Policies, the director, officer, employee or consultant concerned should consult the Head of Legal Services.

D. Procedural Controls and Safeguards

1. Directors, officers, employees (whether regular, permanent, probationary, or contractual) and consultants should comply with relevant Company policies and procedures in order that applicable controls, safeguards and procedures with respect to gift-giving are followed.
 - a. **DONATIONS & CHARITABLE CONTRIBUTIONS.** The Company's donation and charitable contributions must be processed and approved in accordance with the existing Company policies and procedures.
 - b. **GIFTS, RAFFLE PRIZES AND TICKETS IN COMPANY-SPONSORED EVENTS.** Marketing, promotional and other events sponsored by the Company wherein prizes, free tickets and gifts are given or raffled, must be handled and approved in accordance with applicable Company policies and procedures. The Head of the appropriate Business Unit Head, shall be responsible for the issuance and implementation of their respective guidelines regarding the giving of gifts and raffle prizes and allocation of free tickets in Company-sponsored events, which must be consistent with this policy. Company-sponsored events include but shall not be limited to, among others, Company-sponsored corporate activities, product demonstrations, road shows, technical conferences, marketing promos, musical/theatrical shows, sports events, and other similar activities or celebrations.
 - c. **CHRISTMAS GIFTS.** Christmas gifts to be given by the Company, its directors, officers, employees and consultants must be processed and approved in accordance with applicable Company policies and procedures. The Head of the appropriate Business Unit Head shall be responsible for the issuance and implementation of the

appropriate guidelines on the Company's Christmas gift-giving, which must be consistent with this policy.

- d. OTHER GIFTS NOT COVERED ABOVE. With respect to other forms of gifts not covered in sections D.1.a to c which are intended to be given by any business unit, officer or employee, prior written approval must be obtained from their respective Group Heads who shall ensure that the giving of such other gifts comply with this policy.
2. The procurement of authorized gifts referred to in Section D.1.b to d shall, to the extent practicable, follow the procurement process applicable to the general procurement of goods and services provided to Tollways. In any case, the officer concerned shall ensure that the Company obtains the best value for money in the procurement of such gifts.
 3. To the extent practicable, authorized gifts under this Policy should come from the pool of corporate giveaways and bear the name and/or logo of the Company.
 4. The officers responsible for ensuring compliance with this Policy and the issuance and implementation of guidelines regarding gift-giving by their respective groups shall take measures, including recording of gifts, recipients thereof and acknowledgment receipts and regular monitoring, required or necessary for such purposes.

E. Questions about this Policy

Any question or request for clarification regarding this policy must be referred or endorsed to the concerned office as identified in Section D above. Any concern or question regarding gifts intended for government offices/officials must be referred to the Head of Legal Services.

F. Consequences of Violation

Any violation of this policy shall be subject to the penalties provided under Applicable Laws and Company Policies.

G. Coordination among subsidiaries and affiliates of Tollways

Tollways subsidiaries and affiliates are enjoined to adopt a similar policy in their respective organizations to ensure compliance with Applicable Laws.

5. ENDNOTES

1. CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFFICIALS AND EMPLOYEES (Republic Act No. 6713)

Prohibited Acts and Transactions. – xxx Solicitation or acceptance of gifts. – Public officials and employees shall not solicit or accept, directly, indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value from any person in the course of their official duties or in connection with any operation being regulated by, or any transaction which may be affected by the functions of their office. (Sec. 7)

Definition of Terms. – xxx “Gift” refers to a thing or a right to dispose of gratuitously, or any act or liberality, in favor of another who accepts it, and shall include a simulated sale or an ostensibly onerous disposition thereof xxx. (Sec. 3)

Penalties. – xxx Private individuals who participate in conspiracy as co-principals, accomplices or accessories, with public officials or employees, in violation of this Act, shall be subject to the same penal liabilities as the public officials or employees and shall be tried jointly with them. (Sec. 11)

Exception: - Unsolicited gift of nominal or insignificant value not given in anticipation of, or in exchange for, a favor from a public official or employee. (Sec. 3)

2. ANTI-GRAFT AND CORRUPT PRACTICES ACT (Republic Act No. 3019, as amended)

Corrupt practices of public officers. Xxx The following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful: xxx

(b) Directly or indirectly requesting or receiving any gift, present, share, percentage, or benefit, for himself or for any other person, in connection with any contract or transaction between the Government and any other part, wherein the public officer in his official capacity has to intervene under the law.

(c) Directly or indirectly requesting or receiving any gift, present or other pecuniary or material benefit, for himself or for another, from any person for whom the public officer, in any manner or capacity, has secured or obtained, or will secure or obtain, any Government permit or license, in consideration for the help given or to be given, without prejudice to Section thirteen of this Act.

(d) Accepting or having any member of his family accept employment in a private enterprise which has pending official business with him during the pendency thereof or within one year after its termination.

The person giving the gift, present, share, percentage or benefit referred to in subparagraphs (b) and (c); or offering or giving to the public officer the employment mentioned in subparagraph (d); shall, together with the offending public officer, be punished xxx. (Sec. 3)

Exception. Unsolicited gifts or presents of small or insignificant value offered or given as a mere ordinary token of gratitude or friendship according to local customs or usage, shall be excepted from the provisions of this Act. (Sec. 14)

3. REVISED PENAL CODE (Act No. 3815, as amended)

Direct Bribery – Any public officer who shall agree to perform an act constituting a crime, in connection with the performance of his original duties, in consideration of any offer, promise, gift or present received by such officer, personally or through the mediation of another shall be liable for direct bribery.

Penalty is also imposed if the gift was accepted by the officer in consideration of the execution of an act which does not constitute a crime; if the said act shall not have been accomplished; or if the object for which the gift was received or promised was to make the public officer refrain from doing something which it was his official duty to do. (Art. 210)

Corruption of public officials. – The same penalties imposed upon the officer corrupted, except those of disqualification and suspension, shall be imposed upon any person who shall have made the offers or promises or given the gifts or presents as described in the preceding articles. (Art. 212)

4. US FOREIGN CORRUPT PRACTICES ACT

Prohibitions² It shall be unlawful to give or make an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to –

- (1) any foreign official³,
- (2) any foreign political party or official thereof or any candidate for foreign political office, or
- (3) any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office.

2 This applies to the issuer, or any officer, director, employee, or agent of such issuer, or any stockholder thereof acting on behalf of the issuer.

3 The term “foreign official” means any officer or employee of a foreign government or any department, agency or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department agency, instrumentality, or for or on behalf of any such public international organization. Public international organizations include entities such as the World Bank, the International Monetary Fund, the World Intellectual Property Organization, the World Trade Organization and the Organisation for Economic Co-operation and Development [OECD]

For purposes of –

- (A) (i) influencing any act or decision of such foreign official, political party, party official or candidate in his or its official capacity, (ii) inducing such foreign official, political party, party official or candidate to do or omit to do any act in violation of his or its lawful duty, or (iii) securing any improper advantage; or
- (B) Inducing such foreign official, political party, party official or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person.

Affirmative defenses: It shall be an affirmative defense that –

- (1) the payment, gift, offer, or promise of anything of value that was made, was lawful under the written laws and regulations of the foreign official's political party's, party official's, or candidate's country; or
- (2) the payment, gift, offer, or promise of anything of value that was made, was a reasonable and bona fide expenditure, such as travel and lodging expenses, incurred by or on behalf of a foreign official, party, party official, or candidate and was directly related to –
 - (A) the promotion, demonstration, or explanation of products or services; or
 - (B) the execution or performance of a contract with a foreign government or agency thereof.

Accounting Provisions: The issuer shall –

- (A) make and keep books, records, accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer; and
- (B) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that –
 - (i) transactions are executed in accordance with management's general or specific authorization;
 - (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;
 - (iii) access to assets is permitted only in accordance with management's general or specific authorization; and
 - (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

6. COMPLIANCE AND MEASUREMENT

This section states the compliance provision to wit:

“This policy has local (e.g., BIR, SEC, DTI, NTC) and international (US SEC – Sarbanes Oxley) legal and regulatory implications, in addition to applicable provisions under the Company Code of Discipline.

Therefore, non-compliance is subject to People Group’s (PG) disciplinary action, penalty of fines plus incarceration as may be determined by appropriate authorities.”

Approved by:

(Signed)
RODRIGO E. FRANCO
President and Chief Executive Officer