



METRO PACIFIC TOLLWAYS CORPORATION

SUPPLIER / CONTRACTOR RELATIONS POLICY

Metro Pacific Tollways Corporation ("MPTC" or the "Company") is committed to doing business in accordance with the highest standards of ethics. It endeavors to promote a culture of good corporate governance in the Company, its Directors, Officers, Consultants and Employees by observing and maintaining its core values of accountability, integrity, fairness and transparency in their business relationships with the Company's suppliers/contractors (the "Suppliers/Contractors")

This Supplier/Contractor Relations Policy is issued to implement the Competition and Fair Dealing provisions of the Company's Code of Business Conduct and Ethics, as ratified by the MPTC Board of Directors on February 23, 2011, and to supplement the Dealings with Suppliers/Contractors provisions of the Company's Conflict of Interest Policy. This policy further sets forth the Company's business principles and values which shall guide and govern all business relationships of the Company, its directors, officers and employees, including their decisions and actions when performing their respective duties and responsibilities.

1. Rationale -

MPTC, and/or subsidiaries and affiliates shall uphold the highest professional standards of business practices and ethics as contained in its Code of Business Conduct and Ethics (the "Code") in its business dealings¹ with its Suppliers/Contractors in the procurement of products and services.

2. Policy Statement -

MPTC, and/or subsidiaries and affiliates shall promote and implement standards of relationships with Suppliers/Contractors that embody the Code's principles and values of integrity, fairness, transparency and accountability that will allow for equal opportunity and maintain honest treatment of Suppliers/Contractors in all business dealings.

3. Applicability -

- a) This policy applies to, and shall be implemented by, all members of the Board of Directors (each, a "Director" and collectively, the "Directors"), Employees (each an "Employee" and collectively, the "Employees"), and Consultants² of MPTC ("MPTC" or the "Company").

¹ Any commercial and financial negotiations and/or transactions between the Company and its Suppliers/Contractors.

² Only with respect to business transactions not covered by the scope of their professional engagement that are made or entered into with the Group and/or 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.

- b) It is the intention of the MPTC Board that a similar policy shall be adopted and implemented by the MPTC subsidiary companies³. In this regard, the respective Presidents shall recommend the adoption of this policy (for a similar policy) to their respective Boards.

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

- a) **Best Bid** – the Supplier/Contractor bid that offers best value for money. A detailed and holistic technical and commercial evaluation, aside from the price evaluation, is necessary to determine which proposal provides the best value for the Company's requirements.
- b) **Bribe** – includes any money, fee commission, credit, gift, gratuity, thing of value, compensation, personal business and the like, benefits or advantage of any kind that is, directly or indirectly, provided to or received by anyone for the purpose of improperly obtaining or according favorable treatment in connection with a business transaction.
- c) **Competitive Bidding** – the process of soliciting bids from qualified⁴ Suppliers/Contractors for the purpose of the procurement of materials, supplies, equipment, and/or services for Company projects. All bidders are given equal opportunity to compete and their bids are evaluated fairly and in a transparent manner.
- 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 Chief Executive Officer (CEO)/President, or who act as representatives of the Company's investors, shareholders, affiliates or partners.
- e) **Employee** – any individual hired by MPTC and/or its subsidiaries and affiliates 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 and/or its subsidiaries' and affiliates' officers, executives, supervisors, and rank and file, and for purposes of this policy only, Subsidiaries' Employees who also work for/serve MPTC (e.g., on a seconded basis).
- f) **Industrial Relations Obligations** – means an employer's legal responsibilities, under applicable labor and employee benefit laws, including but not limited to, Employees' remuneration, training, annual holidays, leave entitlements, occupational health and safety, compensation, injury management, legal age of employment, and discrimination.

³ For purposes of this policy, the MPTC Group of Companies (Group") shall refer to MPTC and its Subsidiaries or any individual member company of the Group. A subsidiary is 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. The MPTC Group of Companies consists of MNTC, TMC, Cavitex as well as future acquisitions.

⁴ Accredited Suppliers that have met the pre-determined requirements of the specific project under consideration.

- g) **Negotiated Contract** – a non-competitive means of awarding business transactions to Suppliers/Contractors. It involves direct negotiation with and/or award to a particular Supplier/Contractor for the specifications, terms, conditions, and prices of the requirement. This type of transaction includes reciprocal arrangements with Suppliers/Contractors that are likewise MPTC and/or its subsidiaries and affiliates' corporate clients.
- h) **Personal Benefit** – refers to gain or advantage, whether material or non-material, directly or indirectly provided to or received by a Director, Employee, Consultant, his Relatives, and/or affiliates such as financial gain, professional advancement, travel, facilities and/or accommodation benefits, entertainment, material benefits, preferential treatment in personal transactions, and other similar advantages.
- i) **Relatives** – relatives of up to third degree, by consanguinity, affinity, or legal adoption, including, the Directors' Employee's or Consultant's spouse, parents, children (and their spouses), siblings (and their spouses), nieces and nephews (limited to children of a brother or sister) [and their spouses], grandparents, and aunts and uncles (limited to brothers or sisters of a parent); and a domestic partner and his relatives of up to third degree, by consanguinity or affinity or legal adoption.
- j) **Supplier/Contractor** – includes existing or potential contractors, collection/sales agencies, etc. This covers any person or entity, including its representatives and agents that sell its products and/or services to the Company.

5. Detailed Policy Statements -

- a) Company
 - i. The Company shall seek and maintain mutually beneficial relationships with Suppliers/Contractors that uphold the principles of fairness, accountability, integrity and transparency.
 - ii. The Company shall give qualified Suppliers/Contractors adequate, fair, and equal opportunity to bid on goods and services for the Company's projects or requirements.
 - iii. The Company shall accredit Suppliers/Contractors based on established criteria that reflect the Company's reputation for fair, equal opportunity and honest treatment of all Suppliers/Contractors.
 - iv. As a general rule, purchases will be made on the basis of Competitive Bidding. In the event that it will be to the best interest of the Company to enter into strategic partnerships with Suppliers/Contractors, the Company may apply the Negotiated Contract option. All such strategic partnerships and negotiated transactions must be reported and justified to the appropriate approving authorities, and recorded prior to commitment. Transparency in all these transactions shall be maintained at all times. Such reports, justifications, and subsequent approval or disapproval of the appropriate authorities shall be kept by the Procurement offices of MPTC, and/or its subsidiaries and affiliates.

- v. The Company shall hold in confidence all dealings with bidders and Suppliers/Contractors. In this regard, Company and the Supplier/Contractor confidential information⁵ shall be withheld unless the functional Head, through its written determination that it would be for the best interest of the Company and stating the justifications therefore, allow an Employee or Consultant to disclose such information.
 - vi. The Company shall ensure that, as part of the contract terms with MPTC, and/or subsidiaries and affiliates, Suppliers/Contractors shall agree to abide with laws, rules and MPTC standards relating to Industrial Relations Obligations, environment, health and safety, intellectual property rights, other applicable laws and observe the principles enshrined in the Code.
 - vii. All business transactions of the Company with Suppliers/Contractors (i.e. negotiations, contracts, payments, etc.) must be documented and reflected accurately and fairly in the accounts of the Company in accordance with established rules and procedures.
 - viii. MPTC subsidiaries and affiliates that are also existing or prospective Suppliers/Contractors of the Company shall be treated fairly and given the same opportunities as other Suppliers/Contractors. In this respect, the total cost to the Company shall still be considered in the evaluation bids.
 - ix. The Company shall disburse payments committed to Suppliers/Contractors in a prompt manner and in accordance with the applicable contract provision.
 - x. The Company allows Suppliers/Contractors to extend MPTC's corporate rates for personal availment of all Directors, Employees and Consultants of the Supplier/Contractor's goods and/or services; Provided, however, that any such arrangement shall be transparent and made available to all Directors, Employees and Consultants of MPTC, and/or subsidiaries and affiliates; *Provided*, further that any purchases made under these arrangements shall be limited to the Directors', Employees' and Consultants' personal use or consumption and not to be sold, bartered or exchanged, whether or not for profit.
- b) Directors, Employees and Consultants
- i. In all procurement transactions of Directors, Employees and Consultants, they shall primarily consider the interest of the Company and carry out and adhere to the Company's established objectives and policies.
 - ii. Directors, Employees and Consultants shall promote and observe ethical conduct in their relationships, actions, and communications with Suppliers/Contractors at all times. It is essential that in all aspects of the transactions with Suppliers/Contractors, such as during the negotiation, performance monitoring, or administration of MPTC, and/or subsidiaries' and affiliates' contracts, Directors, Employees and Consultants shall avoid actions, speech or behavior that in any way diminishes open, honest and fair treatment of Suppliers/Contractors.

⁵ This includes pricing, bid or quotation information, cost sheets, formulas and/or process information, design information, organizational plans/goals/strategies, profit information, wage and salary scales, personal information about Employees, Officers and Directors, supply resources or Supplier information, computer software programs, etc.

- iii. Directors, Employees and Consultants shall seek the best value for money from the Suppliers/Contractors' products and services and avoid compromising the required standards of service and quality from the Suppliers/Contractors. Decisions for choosing the best Supplier/Contractor shall be based and supported by established criteria that are made known to the Suppliers/Contractors before a bidding is conducted.
- iv. Employees managing purchases and contracts shall take into account the significant benefits the Company shall obtain when it embarks on mutual agreements with Suppliers/Contractors while still observing the principle of fairness and transparency with the other Suppliers/Contractors.
- v. Employees shall avoid adopting and/or requiring specifications of products and services that either favors a particular Supplier/Contractor or group of Suppliers/Contractors or limits competitive sourcing.
- vi. Directors, Employees, and, Consultants are responsible for decisions and actions made for or on behalf of the Company.
- vii. Directors, Employees, and, Consultants shall (a) remain free from obligations to any Supplier/Contractor; (b) not use their authority for Personal Benefit, rejecting and denouncing any business practice that is improper⁶; (c) not give favorable treatment to any Supplier/Contractor with whom the Company does business; (d) avoid circumstances that could impair their objectivity in the performance of their duties and obligations to the Company; and (e) declare their personal relationships (e.g. relatives, former classmates or co-workers, firm partners, fraternity members or co-members in closed knit associations such as masonry/lodge, etc.) and/or previous business and official dealings (e.g. former business partner, broker, superior or subordinate) and relationships with any of the stockholders, officers, and representatives of Suppliers/Contractors they are dealing with when dealing or transacting directly or indirectly, with such parties.
- viii. Directors, Employees and Consultants are prohibited from the following actions: (a) soliciting, accepting, or attempting to accept any Bribe; (b) providing, attempting to provide, or offering to provide any Bribe; and (c) taking part in an illegal or unethical collusion or any other arrangement or agreement with bidders. Each functional group is responsible for detecting, reporting and preventing the offer or acceptance of a Bribe in exchange for being awarded a contract or the grant of any advantage given to Suppliers/Contractors.

⁶ Making business decisions and taking actions that are unethical and/or noncompliant with MPTC, and/or subsidiaries and affiliates' Code, other corporate and legal policies or by globally accepted ethical standards of behavior.

6. Implementing Guidelines –

All Directors, Employees and Consultants are encouraged to be vigilant against any irregular, illegal, or unethical conduct of Suppliers/Contractors and/or fellow Directors, Employees and Consultants. The Company encourages everyone to report any such violations based on the existing Whistleblowing Policy.

Directors, Employees and Consultants may also report in writing their knowledge about any irregular, illegal or unethical conduct of Suppliers/Contractors and/or fellow Directors, Employees and Consultants as follows: (a) Directors shall notify the Board of Directors through its Chairman of such conduct; (b) Officers shall report to the President and CEO [copy furnished the Corporate Governance Office (“CGO”)]; (c) while Employees and Consultants shall inform their respective Group Heads, copy furnished to the CGO.

A proper investigation and resolution of each reported event shall be made by the appropriate business units and the results shall be forwarded to the Chairman of the Board, the President and CEO or respective executive-level superior, and the CGO and other relevant groups or bodies, in accordance with the procedure stated in the Whistleblowing Policy.

The Board of Directors, Officers and Executives must ensure that any Director, Employee or Consultant who reports a suspected violation of this policy by fellow Director, Employee or Consultant is protected from any form of retaliation.

Appropriate implementation guidelines and monitoring and measuring systems shall be formulated by the Procurement Office of MPTC, and/or subsidiaries and affiliates.

The Procurement Office shall also develop implementing guidelines and issue the necessary notices to operationalize the application of this policy to accredited Suppliers/Contractors, including requiring Suppliers/Contractors to declare their personal relationships (e.g. relatives, former classmates or co-workers, firm partners, fraternity members or co-members in closed knit association such as masonry/lodge, etc.) and/or previous business and official dealings (e.g. former business partner, broker, superior or subordinate) and relationships with any of the Company’s Directors, Employees or Consultants prior to the Supplier/Contractor’s participation in any bid or consideration for any transaction by the Company. A Declaration Form is attached (Annex A) for this purpose which shall form as part of Accreditation documents for new Suppliers/Contractors. Same form shall be used to update existing Suppliers/Contractors.

7. Consequences of Violations -

Any Director, Employee and Consultant found to have violated this policy shall be liable to the extent of the damages/loss suffered by MPTC, and/or subsidiaries and affiliates, and/or may be subjected to penalties and sanctions as may be determined by the appropriate corporate authorities, whether or not damage/loss is actually suffered by MPTC, and/or subsidiaries and affiliates. (Please refer to Annex B for examples of policy violations).

Suppliers/Contractors who violate this policy shall also be penalized. Sanctions include but are not limited to termination of business relationship with the Company and blacklisting.

8. Effectivity -

This policy shall take effect immediately and implemented companywide.

9. Repeal -

All other policies and guidelines inconsistent with this policy are deemed superseded, amended or supplemented accordingly.

10. Questions -

For any ethics-related question or concern about this policy or in the determination of whether a violation transpired or shall happen in any particular situation, you may approach your Mancom Superior, or the Corporate Governance Office (email: corporategovernance@mptc.com.ph)

Endorsed by:

(Signed)
CHRISTOPHER C. LIZO
Chief Financial Officer

Approved by:

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

**Supplier/Contractor
AFFIDAVIT OF DISCLOSURE**



I, _____ (state your name), _____ (state your nationality), of legal age, _____ (single / married), and residing at _____, after having been duly sworn to in accordance with law hereby depose and say that:

1. I am an officer of _____ (state the name of company for accreditation) being its _____ (state the position or level, etc);
2. Our agency has an existing and/or intended business dealing with _____ (indicate which member of the "MPTC Group", i.e., MPTDC, MNTC, TMC, CIC, PEATC and its subsidiaries and affiliates) as a provider of _____, commencing on _____, and ending on _____ as documented in a Contract of Service, Purchase Order, and/or Memorandum of Agreement dated _____;

3. In the interest of transparency and in compliance with the MPTC's Corporate Governance Policies especially the Conflict of Interest Policy, I hereby disclose the following (please mark with a check "✓" if applicable and state the name/s of persons concerned; mark with "x" if not applicable):

- That I have financial involvement with a MPTC Group Director, Employee, or Consultant;
- That I have existing or previous close personal or business affiliation or relationship with a MPTC Group Director, Employee, or Consultant (Specifics of the relationship: _____);
- That only the following company director/s, officer/s, major stockholder/s, incorporator/s are former employees of the MPTC Group and that their last position held and date of separation are summarized in the table below.

NAME OF DIRECTOR, OFFICER OR MAJOR STOCKHOLDER, INCORPORATOR	DATE OF SEPARATION FROM MPTC GROUP	LAST POSITION HELD AS EMPLOYEE OF THE MPTC GROUP

That I have the following 3rd degree relatives in the MPTC Group, by consanguinity, affinity or legal adoption (please indicate by putting a check "✓" mark);

- spouse, <specify name>

- parents, <specify name/s>

- children and their spouses, <specify name>

- siblings and their spouses, <specify name>

- nieces and nephews and their spouses, <specify name>

- grandparents, <specify name>

aunts and uncles (limited to sisters or brothers of parents), <specify name>

domestic partner and his/her 3rd degree relatives by consanguinity, affinity or legal adoption, <specify name>

others, <please specify name/s and relationship>

That only the following company incorporators, directors, officers and major stockholders* are related to directors, employees or consultants of [MPTC Group] listed opposite thereto up to the 3rd degree of consanguinity, affinity or legal adoption:

SUPPLIER / CONTRACTOR		MPTC GROUP		RELATIONSHIP
NAME OF DIRECTOR, OFFICER OR MAJOR STOCKHOLDER*	POSITION	NAME OF DIRECTOR, EMPLOYEE OR CONSULTANT	POSITION	

* (1) of a corporation/firm where a [MPTC Group] 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 corporation/firm; or (2) of corporation/firm wholly or majority owned or controlled by the corporation/firm, where a [MPTC Group] Director/Employee/Consultant and/or his Relative, either singly or collectively, holds/owns more than 10 percent (10%) of the subscribed capital or equity of such corporation/firm.

That only the following company director/s, officer/s, major stockholder/s, incorporator/s are concurrently among the incorporator/s, director/s, officer/s, major stockholder/s of a company which is among the MPTC Group's roster of vendors. Details are summarized in the table below.

NAME OF DIRECTOR, OFFICER OR MAJOR STOCKHOLDER, INCORPORATOR	POSITION	INVOLVEMENT WITH OTHER VENDOR/S OF THE MPTC GROUP	
		COMPANY NAME	POSITION / % OWNERSHIP

That no incorporator, director, officer or major stockholder (or general partner if a partnership) of _____ (state the name of agency or third-party business partner) is a former employee of the MPTC Group; or is an affiliate or is related to any director, employee or consultant of the MPTC Group up to the 3rd degree of consanguinity, affinity or legal adoption; or has involvement with other vendor/s of the MPTC Group.

4. In the event that I would become aware of any such relationship or affiliation in the duration of my contractual relationship with any member of the MPTC Group, I would immediately disclose this to the Procurement Office of MPTC, and/or subsidiaries and affiliates;

5. I am willing to take further steps, actions or measures to comply with other requirements as may be prescribed by the MPTC Group such as, but not limited to, periodic declaration of relationships and/or affiliations with any MPTC Group director, officer, employee, or consultant or their relatives;

6. I acknowledge the authority of the MPTC Group to determine and impose the appropriate sanction in the event of my violation or non-compliance with its Conflict of Interest Policy which may include, but not limited to, the immediate termination of the contractual relationship;

7. I executed this affidavit to attest to the truth of the foregoing and as part of the documentary requirements for my official business dealing with the MPTC Group.

IN WITNESS WHEREOF, I have affixed my signature this ___ day of _____ 20___ at _____.

Affiant

SUBSCRIBED AND SWORN TO before me, this ___ day of _____ 20___, affiant exhibited to me the following Competent Evidence of Identity:

Name	Competent Evidence of Identity (Passport, Driver's License, SSS/GSIS/Voter's ID, etc.)	Date

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of _____.

EXAMPLES OF POLICY VIOLATIONS

The following are examples of procurement situations that reveal unethical conduct by an Employee and/or Supplier. The areas and situations enumerated are illustrative only and not exhaustive.

1. An Employee manipulating his evaluation of the contract proposals in exchange for Bribes.
2. A Supplier seeking internal (within the Company) and/or external (i.e. political/government) connections so as to increase chances of contract award.
3. Suppliers submitting false documents for accreditation and other procurement-related transactions or processes.
4. Employees developing unreasonable or over specific technical requirements such that award of contract intentionally goes to a particular or preferred Supplier.
5. Employees giving priority or informing preferred Suppliers in advance before actual request such that other Suppliers are caught unprepared or with too little time to plan.
6. Products and/or services that have not undergone official procurement procedure since these were tested or evaluated beforehand through product demos/testings with particular Suppliers thus limiting chances for other Suppliers to compete.
7. Undisclosed conflict of interest situations on business dealings resulting to giving undue advantage to another party.
8. Disclosure of confidential and proprietary information by Employees to Suppliers.
9. Incorrect payment of government taxes due to manipulation of documents by Suppliers.
10. Suppliers not remitting the correct SSS, PhilHealth, Pag-Ibig and other employee contributions to their employees.