

Hospital Policies and Procedures Manual

CORPORATE GOVERNANCE		Document Code: MMC-HPP-GLD-021	Rev. Code : 00
Anti-Bribery and Anti-Corruption (ABAC) Policy		Effective Date: September 9, 2021	Page 1 of 11
Issued by: Compliance Department	<input checked="" type="checkbox"/> New	Supersedes:	
Approved by:			
<i>(original document signed)</i> Atty. German Q. Lichauco II Corporate Secretary	Oct/07/2021 Date Signed (MMM/DD/YYYY)	<i>(original document signed)</i> Manuel V. Pangilinan Chair, MDI Board of Directors	Oct/11/2021 Date Signed (MMM/DD/YYYY)

Introduction: Makati Medical Center (MMC) is committed to continuously improve its governance practices and for this purpose, hereby adopts this Anti-Bribery and Corruption Policy (the "Policy"). This Policy shall be read in conjunction with the Company's Whistleblowing Policy, Gift and Hospitality Policy, and other Corporate Governance policies.

Objective: To provide guidelines to ALL Makati Medical Center staff the adoption of Anti-Bribery and Anti-Corruption policy as part of Metro Pacific Hospital Holdings, Inc. (MPHHI) continuous improvement in its governance practices.

Scope: All Makati Medical Center employees, trainees, Medical Staff, contracted personnel, and consultants

Definition of Terms: (lifted/adopted from MPPHI-CG01 ABAC policy)

1. Corruption - is the misuse of public or professional power for personal gain.
2. Bribery - refers to the offering, giving, soliciting, or receiving of any item of value as a means of influencing the actions of an individual holding a public or legal duty. This type of action results in matters that should be handled objectively in a manner best suiting the private interests of the decision maker. Bribery constitutes a crime and both the offeror and the recipient can be criminally charged.
3. Facilitation payment - is akin to a bribe. It is a financial payment that is made with the intention of expediting an administrative process. It is a payment made to a public or government official or counterparty that acts as an incentive for such party to complete some action or process expeditiously, to the benefit of the party making the payment.
4. "Government Official" - includes all officers or employees of a government department, agency, or instrumentality at all levels and subdivisions (i.e. local, regional, national); permitting agencies; customs officials; candidates for political office; officer or employee of political parties; and officials of public international organizations (e.g., the Red Cross). This term also includes officers or employees of government-owned or controlled commercial enterprises

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such as state-owned or controlled universities, airlines, oil companies, health care facilities, or other vendors. The term also includes family members and close associates (i.e. person representing or acting on behalf of the official in meetings and/or business partners, etc.) of such individuals (e.g., it is not permissible to give a lavish gift to the sibling, spouse, or child of a government official if a gift to the latter would be prohibited under this Policy). This term also includes healthcare professionals (HCPs) who are practicing in government hospitals or any department, agency, or instrument of a government, when any of the following instances apply: (i) the HCP has an official decision-making role, (ii) the HCP has responsibility for performing regulatory inspections, government authorizations or licenses, or (iii) the HCP has the actual or perceived capacity to influence or make decisions with the potential to affect the business of the Company or any of its subsidiaries.

5. Hospital staff - refers to any individual hired by Makati Medical Center 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 Makati Medical Center's (MMC) officers, executives, supervisors, rank and file, and, only for purposes of this Policy, other corporate officers under the Company's By-laws, temporary staff, casual employees, project employees or Subsidiaries' employees who also work for/serve MPHHI (e.g. on seconded basis).
6. "Consultants" - includes professional consultants, firms, partnerships, counsels, outsourced companies or such other professional entities or individuals rendering professional or specialized expert services to MMC, as well as advisors of MMC who may be appointed by the Board of Directors or the President/CEO, or who act as representatives of the MMC's investors, shareholders, affiliates, or partners.
7. Trainees – includes Fellows, Residents, Interns, Clerks, Observers in medical field.
8. Medical Staff – Licensed medical independent practitioners providing service in MMC
9. Hospital Staff - All those who provide care, treatment, and services in the Hospital (e.g. medical staff, nursing staff, housekeeping staff, registration clerks, engineers, and so on) including those receiving pay (permanent, temporary, and part time staff, as well as contractual staff, and trainees and students (e.g. medical students, nursing students, and so on).¹

¹ Joint International Accreditation Standards for Hospital, 7th Edition, Glossary

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10. The Hospital – refers to Makati Medical Center.

Policy:

Makati Medical Center (MMC) does not tolerate bribery, kickbacks, or corruption of any kind, directly or through third parties, whether explicitly prohibited by this Policy or by law. ALL Hospital Staff are not permitted to give or offer anything of value (including gifts, hospitality, entertainment, and the likes) to anyone for the purpose of improperly obtaining or retaining a business advantage. Similarly, Hospital Staff may not solicit or accept such improper payments.

This Policy and the internal controls provided are designed to prevent bribery from occurring, avoid the appearance of wrongdoing and enable MMC to respond promptly and effectively to any inquiries about its conduct. Hospital Staff who violate this Policy may be subject to disciplinary action, up to and including termination.

The pages that follow provide a general guide to anti-corruption compliance but do not address every potential scenario that may implicate issues bearing on compliance with this Policy. Therefore, any Hospital Staff who have any questions concerning the requirements of this Policy should consult with MMC’s Chief Compliance Officer.

Guidelines:

A. ALL Hospital Staff, Medical Staff and Trainees are not permitted to pay or receive bribes

Hospital Staff, Medical Staff and Trainees must conduct their activities in full compliance with this Policy, the Philippine Anti-Graft and Corrupt Practices Act (“RA 3019”), the UK Bribery Act, and the United States Foreign Corrupt Practices Act (“FCPA”), and all other applicable laws relating to bribery or corruption in each jurisdiction in which Hospital Staff do business.

Under this Policy, Hospital Staff, Medical Staff and Trainees are not permitted to give or offer anything of value, directly or indirectly, to any Government Official or any commercial party for the purpose of improperly obtaining or retaining a business advantage. “Anything of value” should be broadly interpreted to include cash, gifts to family members, forgiveness of debt, loans, personal favors, entertainment, meals and travel, political and charitable contributions, business opportunities and medical care, among other items. Hospital Staff, Medical Staff and Trainees are also prohibited from making facilitation payments, those relatively insubstantial payments made to facilitate or expedite routine governmental action. Simply put, bribes, kickbacks or similar payments are never permitted, whether made to a Government Official or to customers, investors, clients, or

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other private parties. Similarly, Hospital Staff, Medical Staff and Trainees may not solicit or accept such payments. Hospital Staff, Medical Staff and Trainees are required to exercise common sense and judgment in assessing whether any arrangement could be perceived to be corrupt or otherwise inappropriate.

If confronted with a request or demand for an improper payment or other violation of this Policy, the request or demand must be immediately rejected and reported to the MMC's Compliance Officer in writing within 3 days. Similarly, if any Hospital Staff knows or believes that an improper payment has been or will be made, Hospital Staff, Medical Staff and Trainees must also report such payment to the Compliance Officer within 3 days. It is MMC's policy that no adverse employment action will be taken against any personnel in retaliation for, honestly and in good faith, reporting a violation or suspected violation of anti-corruption laws or this Policy.

B. Guidelines for giving Gifts, Meals, Entertainment, and Employment

This Policy sets forth various rules relating to gifts, entertainment, travel, meals, lodging, and employment. All such expenditures must be recorded accurately in the books and records of the Company, in accordance with *Section IV below*.

B.1 Gifts

MMC competes for and earns business through the quality of its personnel and services and compliance to regulatory requirements, not with gifts or lavish entertainment. The use of MMC funds or assets for gifts, gratuities, or other favors to Government Officials or any other individual or entity (in the private or public sector) that has the power to decide or influence MMC's commercial activities is prohibited, unless all of the following circumstances are met.

- (a) the gift does not involve cash or cash equivalent gifts (e.g., gift cards, store cards, or gambling chips);
- (b) the gift is permitted under both local law and the guidelines of the recipient's employer;
- (c) the gift is presented openly with complete transparency;
- (d) the gift is properly recorded in the MMC's books and records;
- (e) the gift is provided as a token of esteem, courtesy, or in return for hospitality and should comport with local custom; and

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(f) the item costs not more than PhP5,000.00 (“Nominal Value”).

Gifts that do not fall specifically within the above guidelines require advance consultation with and approval by the MMC Compliance Officer and/or President.

Note that the provision of gifts, as well as the reporting requirements, in this Policy, apply even if Hospital Staff, Medical Staff or Trainee is not seeking reimbursement for the expenses (i.e. paying these expenses out of own pocket does not avoid these requirements).

Hospital Staff must not accept or permit any member of his or her immediate family to accept, any gifts, gratuities, or other favors from any customer, supplier, or other person doing or seeking to do business with the Company, other than items of Nominal Value. Any gifts that are not of Nominal Value should be returned immediately and reported to the immediate supervisor of the Personnel concerned. If immediate return is not practical, they should be given to Human Resources Management Division for charitable disposition.

B.2 Meals, Entertainment, Travel, and Lodging

Common sense and moderation should prevail in business entertainment and the payment of travel, and lodging expenses engaged in on behalf of MMC. Hospital Staff should provide business entertainment to someone doing business with MMC only if the entertainment is infrequent, modest, and intended to serve legitimate business goals.

Meals, entertainment, travel, and lodging should never be offered as a means of influencing another person’s business decision. Each should only be offered if it is appropriate, reasonable for marketing and promotional purposes, offered or accepted in the normal course of an existing business relationship, and if the primary subject of discussion or purpose of travel is business. The appropriateness of a particular type of entertainment, travel, and lodging of course, depends upon both the reasonableness of the expense and on the type of activity involved. This is determined based on whether the expenditure is sensible and proportionate to the nature of the business relationship and the stature of the individual involved. **Adult entertainment is always prohibited.**

Expenses for meals, entertainment, travel, and lodging for Government Officials or any other individual or entity (in the private or public sector) that has the power to decide or influence the Company’s commercial activities may be incurred without prior approval by the MMC’s Compliance Officer only if ***all*** of the following conditions are met:

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1. The expenses are bona fide (absence of fraud or deception) and related to a legitimate business purpose and the events involved are attended by appropriate MMC representatives;
2. The cost of the meal, entertainment, travel, or lodging is not more than Php5,000.00 per person; and
3. The meal, entertainment, travel or lodging is permitted by the rules of the recipient's employer (if applicable)

B.3 Employment / Internships

On occasion, Government Officials or the Company's business partners may request that the Company provide internships or employment to certain individuals. Offering internships or employment to Government Officials or the Company's business partners may be viewed as providing an item of value.

This Policy sets forth guidance for handling such requests from Government Officials or the MMC's business partners. If a candidate is interviewed for an internship or employment within the ordinary course of filling a position, MMC Compliance Officer and the CEO must be notified of the candidate's relationship to a Government Official or the MMC's business partner. If a candidate related to a Government Official or a business partner is interviewed outside of the ordinary course of filling a position, any internship or employment offer must be pre-approved by the Compliance Officer and the President.

C. Political Contributions and Charitable Donations

Hospital Staff may not make political or charitable donations, whether in their own name or in the name of MMC, to obtain or retain business or to gain an improper business advantage. Any political or charitable contributions by MMC must be permitted under the law, permissible pursuant to the terms of this Policy, made to a *bona fide* charitable organization, and in the case of political contributions or charitable contributions connected to any Government Official or government entity made with the prior approval of MMC's Compliance Officer and by MMC's President. In certain instances where there is heightened risk of corruption, MMC's Compliance Officer or MMC CEO may require due diligence to be conducted. The Compliance Officer and the President must be notified if a Government Official solicits a political or charitable contribution in connection with any government action related to MMC or any of its affiliates. Individual Hospital Staff may not make political contributions on behalf of the MMC or its affiliates.

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Hospital Staff may, however, exercise their personal right to make charitable donations from their own resources, providing this does not give rise to any actual or apparent conflict of interest or appearance of impropriety for MMC.

D. Relationships with Third Parties

Anti-corruption laws prohibit indirect payments made through a third party, including giving anything of value to a third party while knowing that value will be given to a Government Official for an improper purpose. Therefore, Hospital Staff should avoid situations involving third parties that might lead to a violation of this Policy.

Hospital Staff who deal with third parties are responsible for taking reasonable precautions to ensure that the third parties conduct business ethically and in compliance with this Policy. Such precautions may include, for third parties representing MMC before governmental entities, conducting an integrity due diligence review of a third party, inserting appropriate anti-corruption compliance provisions in the third party's written contract (depending on the circumstances, such provisions could include representations, warranties, covenants, and may require the agent to undergo training), requiring the third party to certify that it has not violated and will not violate this Policy and any applicable anti-corruption laws during the course of its/his/her business with MMC, and monitoring the reasonableness and legitimacy of the services provided by and the compensation paid to the third party during the engagement. Hospital Staff retaining third parties that will be representing the Company before governmental entities must discuss the engagement with MMC's Compliance Officer prior to hiring the third party. Any doubts regarding the scope of appropriate due diligence efforts in this regard should be resolved by contacting and consulting with MMC's Compliance Officer.

In addition, once a third party is engaged, Hospital Staff who deal with third parties must always be aware of potential red flags. Red flags are certain actions or facts which should alert a company that there is a possibility of improper conduct by a third party. A red flag does not mean that something illegal has happened, but rather that further investigation is necessary. Red flags are highly fact-dependent, but some examples of red flags are:

- Unusual or excessive payment requests, such as requests for over-invoicing, up-front payments, ill-defined or last-minute payments, success fees, unusual commissions, or mid-stream compensation payments;
- Requests for payments to an account in a country other than where the third party is located or is working on behalf of the Company;

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- Requests for payment to another third party, to a numbered account, or in cash or other untraceable funds;
- Requests for political or charitable contributions;
- Where the third party is related to a Government Official or has a close personal or business relationship with a Government Official;
- Any refusal or hesitancy by a third party to disclose its owners, partners, or principals;
- The third party uses holding companies or other methods to obscure its ownership, without adequate business justification;
- The third party expresses a desire to keep his representation of the Company or the terms of his retention secret; or
- The third party has little experience in the industry but claims to “know the right people.”

If Hospital Staff have reason to suspect that a third party is engaging in potentially improper conduct, he/she shall report the case to the Compliance Officer immediately. MMC shall conduct an investigation and stop further payments to the third party if the MMC’s suspicions are verified through the investigation.

E. Record-Keeping and Internal Controls

This Policy requires that all expenditures made by MMC are accurately reflected in the Company’s financial records and that all payments made with MMC funds, or on behalf of MMC, have been properly authorized. Hospital Staff must follow all applicable standards, principles, laws, and practices for accounting and financial reporting. Hospital Staff must be timely and complete when preparing all reports and records required by management. In particular, Hospital Staff should ensure that no part of any payment is to be made for any purpose other than that to be fully and accurately described in the MMC’s books and records. Hospital Staff should use best efforts to ensure that all transactions, dispositions, and payments involving MMC funds or assets are properly and accurately recorded in the its financial records. No undisclosed or unrecorded accounts are to be established for any purpose. False or artificial entries are not to be made in the MMC’s books and records for any reason. Finally, personal funds must not be used to accomplish what is otherwise prohibited by this Policy.

The MMC’s Compliance Department and Senior Leadership are primarily responsible for the oversight and enforcement of this Policy. The Audit Department will conduct periodic audits of its books and records to monitor compliance with this Policy.

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F. Compliance Procedures and Training

As part of the MMC's ongoing commitment to anti-corruption compliance, all Hospital Staff, Medical Staff, and Trainees must receive and review a copy of this Policy. All such Personnel must then certify in writing that they (1) have reviewed the Policy; (2) agree to abide by the Policy; and (3) agree to report any potential violations of the Policy to the Compliance Department (see Appendix A).

In addition, MMC will offer periodic anti-corruption compliance training programs to educate the Personnel, Medical Staff and Trainees about the requirements and obligations of anti-corruption laws and this Policy. All MMC Personnel, Medical Staff and Trainees must participate in such training and MMC must retain attendance records in the individual's 201 file establishing compliance with this requirement.

G. Reporting Requirements and Whistleblower Protection

MMC takes its commitment to anti-corruption compliance very seriously and expects all Personnel, Medical Staff and Trainees to share this commitment. MMC therefore expects and requires any Personnel, Medical Staff or Trainee who have knowledge of, or reason to suspect, any violation of this Policy to contact the Compliance Officer immediately. Reports may be made anonymously.

If any Hospital Staff, Medical Staff or Trainee deliberately concealed violations or continue to conceal violations after discovery, then the relevant Personnel may be subject to disciplinary action, up to and including termination.

It is MMC's policy that, if the report of known or suspected violations is made honestly and in good faith, no adverse employment-related action will be taken against any Hospital Personnel in retaliation for reporting a violation or suspected violation of anti-corruption laws or this Policy.

All questions regarding this Policy should be directed to the Compliance Officer.

H. Effectivity: This policy shall take effect immediately.

I. Approval, Amendment or Alteration of Policy

This Policy has been approved and adopted by the Medical Doctor's Inc. (MDI) Board of Directors. The Compliance Department, Leadership and the MDI Board of Directors has the overall responsibility to provide oversight on implementation, monitoring and periodic review (at least every 3 years) of this Policy.

This Policy shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by resolutions of the Board of Directors.

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J. Training

Upon initial roll-out of the Policy, all current personnel, trainees and medical staff should be trained and complete attached form and deliver the completed forms to Human Resources / Medical Services / Medical Education and Research in an envelope labeled "Employee Policy Training Certification."

New personnel, trainees and Medical staff should be trained immediately upon hiring and complete this form and kept in their respective 201 file in Human Resources, Medical Services or Medical Education.

Responsibilities:

Compliance Department regularly reviews, and modify as necessary, this policy at least every 3 years and recommend to Leadership and MDI Board of Directors any modification.

Human Resources - Learning and Development Department / Department Manager or Quality, Safety and Compliance Officer of concerned department in coordination with Compliance Department provides regular training and annual refresher course to hospital personnel and third party services within their area of responsibility.

Managers and supervisors are responsible in ensuring that all their staff are aware and implement this policy consistently. In the review of any violation of this policy, managers and supervisors may be held liable for failure to instruct adequately their subordinates or for failure to detect noncompliance with applicable policies and legal requirements, where reasonable diligence would have led to the discovery of any violations or problems and prevent loss for the company.

Attachment: Appendix A Employee Anti-Corruption Certificate

Reference/s: Adopted from MPHHI Anti-Bribery, Anti-Corruption

Signatories:

(original document signed)

Author (s) Mary Milagros D. Uy, MD
Compliance Officer

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Reviewed and Recommended for Approval:

(original document signed)
Atty. Pilar Nenuca P. Almira
President and CEO

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