

## ANTI-FRAUD POLICY

### I. RATIONALE

Guided by the highest legal, ethical, and moral standards, Megawide Construction Corporation (“Megawide” or the “Company”) commits itself to eliminate Fraudulent Activities, as defined below, within its organization, including its subsidiaries, through the adoption and implementation of this Anti-Fraud Policy (this “Policy”).

This Policy establishes the guidelines, procedures and controls that will facilitate the prevention, detection, reporting, investigation, and punishment of the said Fraudulent Activities. Moreover, together with the Company’s Code of Business Conduct and Ethics (“Code of Conduct”), Employee’s Code of Discipline (“Code of Discipline”), Whistleblowing Policy, and other pertinent policies and procedures, this Policy contains information and advice on Megawide’s strict and uncompromising stand against Fraudulent Activities, and provides a holistic framework through which Megawide responds to or addresses the same.

Megawide views Fraudulent Activities as extremely serious matters, and considers them as grave threats to its business and reputation. Thus, the Company does not, and will not, tolerate or condone any illegal, unethical and immoral practices or activities. In this regard, Megawide’s Board of Directors (“Board”), officers, managers, employees, consultants, vendors, suppliers, contractors, customers, clients, and other parties with a potential or existing business relationship with the Company (“Concerned Parties”) are obligated and mandated to promote and implement the anti-fraud and risk awareness campaigns of the Company. Consequently, all Concerned Parties must be aware of, and familiarize themselves with, the different types or categories of Fraudulent Activities, and are tasked with the responsibility of detecting, preventing, and reporting the same, as well as of assisting in the investigation thereof.

### II. DEFINITION AND EXAMPLES OF FRAUDULENT ACTIVITIES

#### A. Definition of Fraudulent Activities

“**Fraudulent Activities**” as used in this Policy shall include, but are not limited to, the following:

1. **Bribery** – Offering, accepting or receiving “anything of value” intended to influence the behavior and conduct of an individual in a manner contrary to honesty or integrity.
2. **Corruption** – Abusing and misusing of power or authority entrusted to an individual for private gain, covering a range of criminal offenses punished by the Revised Penal Code, special laws or ordinances such as bribery, extortion, and money laundering.
3. **Extortion** – Using actual or threatened force, violence, intimidation, fear and/or under the color of official right in order to obtain something of value, especially money.
4. **Falsification** – Altering, changing, or modifying a document for the purpose of gain or of deceiving another. It may also involve the dissemination of documents that are known to be fake or false.
5. **Forgery** – Unlawfully and intentionally creating or drawing a false document to the actual or potential prejudice or damage of the Company or any Concerned Parties.
6. **Misrepresentation or Concealment** – Intentionally misrepresenting or concealing a material fact for the purpose of inducing another to act upon it and cause actual or potential prejudice or damage to the Company or any Concerned Parties.
7. **Hacking** – Physically or remotely accessing, without authorization, or abusing or exceeding one’s authority in accessing the Company’s computer system in order to view, copy, obtain or manipulate any information stored therein.
8. **Insider Trading** – Intentionally using material information not available to the public to deal in the securities or financial instruments of the Company, regardless of whether a profit was made or not.
9. **Misappropriation** – Intentionally and illegally using the property or funds of the Company or another for one’s own use, purpose or benefit.
10. **Unauthorized Disclosure** – Disclosing confidential and proprietary information to outside parties.

11. **Theft** – Unlawfully appropriating property belonging to Company, including information, with the intent to deprive the Company permanently of the same.
12. **Other Illegal and Irregular Transactions** – Acts or dealings which are related or similar to those listed herein, including those described and listed in the Code of Conduct, Code of Discipline, Whistleblowing Policy and other Company policies as well as those covered by applicable laws, rules, and regulations.

## **B. Examples of Fraudulent Activities**

The following are some (not exhaustive) examples of Fraudulent Activities:

1. Falsification, forgery, or alteration of any document or account belonging to the Company;
2. Falsification, forgery, or alteration of a check, bank transfer, or any other financial document;
3. Falsification, forgery, or alteration of expense claims (e.g. contractor's billings);
4. Knowingly generating or paying false billings, claims, or invoices;
5. Unauthorized premium discounting;
6. Undertaking or assisting in illegal activities (e.g. money laundering);
7. Conspiring or conniving with third parties (e.g. service providers, contractors, vendors);
8. Embezzlement of Company funds;
9. Unauthorized taking of or misappropriating funds, supplies or other assets of the Company;
10. Impropriety in handling or reporting of monetary or financial transactions;
11. Unauthorized disclosure or manipulation of sensitive confidential or proprietary information;
12. Offering or taking inducements, gifts or favors, to influence the actions of an individual;
13. Willfully destroying, removing or inappropriately using records or assets of the Company;
14. Engaging in practices or private activities which conflict in any way with the Company's interests; and
15. Making payments to or on behalf of any officials, including government officials, for the purpose of obtaining or retaining business for or with any person or directing business to any person.

## **III. PURPOSES OF THIS POLICY**

The purposes of this Policy are:

1. To express, convey and document the views and attitude of the Company towards Fraudulent Activities, and to manage the risks brought about by the same.
2. To develop keen awareness on the probability or possibility of Fraudulent Activities occurring in the Company.
3. To provide an effective response plan when Fraudulent Activities are reported or discovered.
4. To establish procedures and assign responsibilities for the detection, discovery, investigation and punishment of Fraudulent Activities.

## **IV. SCOPE OF THIS POLICY**

This Policy applies to all Fraudulent Activities and irregularities discovered or suspected, committed or possibly committed by Concerned Parties. Investigations shall be conducted, and appropriate sanctions or penalties imposed, without regard to the person's relationship with the Company, or position, or length of service therein.

## **V. INTERNAL STANDARDS AND PROCEDURES TO PREVENT AND MINIMIZE FRAUDULENT ACTIVITIES**

The Company shall take steps to prevent, minimize, and manage the occurrence of any Fraudulent Activities by:

1. Providing Concerned Parties with an effective and confidential reporting mechanism, such as (but not limited to) the Whistleblowing Policy or the Sumbong Anomaly, Protektahan ang Kumpanya (“SAPAK”) campaign of the Company.
2. Appraising Concerned Parties on the procedure of the said reporting mechanisms in order to encourage and promote their utilization.
3. Investigating, by itself or through an investigation committee, all incidents of actual, attempted, or suspected Fraudulent Activities, and all instances of major fraud risk control breakdowns.
4. Taking action against Concerned Parties perpetrating Fraudulent Activities against the Company, its shareholders, and/or customers.
5. Seeking restitution of all funds, properties or other assets obtained through Fraudulent Activities and the recovery of the costs involved.
6. Cooperating with law enforcement, prosecuting, judicial and other authorities in the investigation and prosecution of those suspected of Fraudulent Activities.
7. Defining, setting, maintaining, and implementing cost-effective internal key control procedures to deter, prevent, discover and identify Fraudulent Activities.
8. Encouraging Concerned Parties to be vigilant and raising awareness of Fraudulent Activities at all levels.

## **VI. FRAUD INVESTIGATION COMMITTEE**

The Company shall establish a Fraud Investigation Committee (“FIC”) with the following members:

1. Chief Financial Officer;
2. Chief Audit Executive;
3. Chief Legal Officer/Compliance Officer;
4. Chief Human Resources Officer; and
5. Head of Security/AVP - Security.

The Chief Financial Officer shall serve as the Chairman. The Chief Legal Officer/Compliance Officer shall serve as the Vice Chairman.

The FIC shall be responsible for:

1. Conducting and coordinating investigations of Fraudulent Activities reported through the Company’s Whistleblowing Policy/SAPAK campaign, or other policies and procedures, or directly to the FIC, relating to the Company’s business and commercial activities.
2. Reporting to the Board, the Audit and Compliance Committee and/or the Board Risk Oversight Committee the results of the investigation and actions that have been taken to manage fraud risks.
3. Providing an appropriate source of information to the Board and the Board Committees regarding instances of Fraudulent Activities.
4. Identifying internal fraud risk controls once an investigation has been completed to address any weaknesses contributing to or resulting in the commission of Fraudulent Activities, and making recommendations for remedial actions, if necessary.
5. Investigating syndicated Fraudulent Activities, performing surveillance, intelligence and covert operations in relation to such Fraudulent Activities discovered or reported.
6. Recommending the outsourcing of certain aspects of the investigation, when applicable, to approved third parties, and managing and monitoring the conduct of the same.

## **VII. OTHER PROHIBITED DEALINGS**

### **A. Conflict of Interest**

As explained in the Company’s Conflict of Interest Policy, found in the Code of Conduct, and reinforced by the Conflict of Interest Policy Supplemental Guidelines, Megawide expects Concerned Parties, as the case may be, to perform their work conscientiously, honestly, and in accordance with the best interest of the Company. Concerned Parties must not use their positions, or any knowledge or information gained as a result of their position, for private or personal gain, profit or advantage. Regardless of the circumstances, if Concerned Parties sense

that the course of action they have pursued, is pursuing, or about to pursue, may result in a conflict of interest, they should immediately report the same pursuant to the policies and procedures of the Company.

## **B. Relationship with Contractors, Suppliers, and Other Service Providers**

The Code of Conduct prohibits directors, officers, employees and personnel from investing in or acquiring a financial interest in any business or organization that has a contractual relationship with, or provides goods and/or services to Megawide. More so, if such investment or interest could influence or create the impression that their decisions are influenced, in the performance of their duties to the Company.

Likewise, directors, officers, employees, and personnel must not receive payment or compensation of any kind from any contractors, suppliers and other service providers. In particular, the Company strictly prohibits the acceptance of kickbacks or secret commissions from such contractors, suppliers, and other service providers; and a breach of this rule may result in termination of professional relationship or employment with Megawide, and prosecution of criminal cases arising therefrom to the fullest extent of the law.

## **VIII. DUTIES AND RESPONSIBILITIES**

The Board, the Company's officers, and other members of senior management shall have the responsibility to:

1. Promote the highest level of lawful, ethical and moral conduct in accordance with the Code of Conduct, Code of Discipline, and Conflict of Interest Policy Supplemental Guidelines, and practice good corporate governance by reporting any dealings which may be regarded as unlawful, unethical, immoral, or in breach of good corporate governance, or which has the potential to tarnish the good name and reputation of the Company.
2. Set an example by deterring, preventing and detecting Fraudulent Activities through words and deeds, and creating a culture within the Company that clearly denounces and prohibits Fraudulent Activities, and if so committed, deals with the same swiftly and decisively.
3. Be familiar with the types and shades of improprieties that might occur within their areas of responsibility and remain alert to any indication of Fraudulent Activities.
4. Ensure that an adequate system of internal fraud risk controls exist within their areas of responsibility and that the said controls operate effectively as intended.
5. Ensure that the Code of Conduct, Code of Discipline, Conflict of Interest Policy Supplemental Guidelines, Whistleblowing Policy/SAPAK campaign, and other applicable policies and procedures of the Company are well communicated to Concerned Parties and strictly enforced.
6. In cooperation with the Legal Department and the Human Resources Department, take appropriate legal and/or disciplinary action against perpetrators of Fraudulent Activities.
7. Take disciplinary action against employees and personnel when their negligence has contributed to the commission of Fraudulent Activities.
8. Ensure and require all Concerned Parties to be familiar with and declare their commitment to comply with this Policy.

The Company's employees and personnel shall have the responsibility to:

1. Be aware of and observe the Code of Conduct, Code of Discipline, Conflict of Interest Policy Supplemental Guidelines, Whistleblowing Policy/SAPAK campaign, and other relevant policies and procedures of the Company, which shall be discussed during the induction training of all employees and personnel.
2. Be familiar and comply with the internal controls in relation to their duties and tasks and understand that their work procedures are designed to manage fraud risks and that non-compliance with the same may create an opportunity for Fraudulent Activities to occur or go undetected.
3. Have a basic understanding of acts constituting Fraudulent Activities and be aware of its warning signs.
4. Recognize the specific fraud risks involved in their work and acknowledge that they have a duty to ensure that these risks are identified, addressed and discussed with their managers,

- Chief Audit Executive, Chief Compliance Officer, Chief Legal Officer, and/or Head of Security, especially when they believe that there is an opportunity for fraud because of poor procedures or oversight.
5. Report Fraudulent Activities or any suspected irregularities in accordance with the policies and procedures implemented by the Company.
  6. Cooperate in any investigation.
  7. Treat information relating to investigations as confidential.

The Board's Audit and Compliance Committee shall have the responsibility to:

1. Review this Policy's appropriateness and effectiveness.
2. Oversee investigations into matters within the its scope, through the Chief Audit Executive, such as the evaluation of the effectiveness of the Company's internal key controls to deter or prevent Fraudulent Activities, cases of Fraudulent Activities committed by employees, personnel and contractors, forensic investigations, misconduct and/or conflicts of interest.
3. Receive and review reports of the FIC and the Chief Audit Executive on the prevention, detection and investigation of Fraudulent Activities, conflicts of interest, and other forms of misconduct and unethical or immoral activities within Megawide.

## **IX. REPORTING FRAUDULENT ACTIVITIES**

Concerned Parties who suspect the occurrence of any Fraudulent Activity must immediately report the same in accordance with the policies and procedures of the Company. These include reporting the matter to the Internal Audit Department, Legal Department, Human Resources Department, and/or through the Whistleblowing Policy/SAPAK campaign of the Company.

All Fraudulent Activities reported, that could affect the Company's financial statements, shall be coordinated by the Chief Audit Executive with the Chief Financial Officer and Compliance Officer, who shall refer the matter to the appropriate Board Committees.

Queries as to whether an action constitutes a Fraudulent Activity may be addressed to the following officers of the Company:

1. Chief Audit Executive;
2. Chief Legal Officer/Compliance Officer;
3. Chief Human Resources Officer; and
4. Head of Security/AVP - Security.

## **X. REFERENCE TO LEGISLATION AND NON-COMPLIANCE WITH THIS POLICY**

This Policy was drafted, reviewed and benchmarked in accordance with the following legislations:

1. Act No. 3815 as amended – The Revised Penal Code
2. Republic Act No. 3019 as amended – Anti Graft and Corrupt Practices Act
3. Republic Act No. 10173 – Data Privacy Act of 2012
4. The Foreign Corrupt Practices Act of 1977 of the United States of America.

Therefore, a breach of this Policy may entail grave consequences in the form of civil and criminal liabilities, such as awards and damages in the first, and severe fines and imprisonment in the second. The failure to comply with this Policy will likewise result in disciplinary measures, as provided in the Code of Conduct, Code of Discipline, and other policies of Megawide, and administrative charges that may lead to dismissal from, or termination of relationship with the Company, regardless if such breach results in a violation of law.

## **XI. APPLICABLE LAW**

The provisions of this Policy may be modified or amended, to the extent necessary, in order to comply with applicable laws, rules, and regulations imposed by the Republic of the Philippines or local government units especially those where Megawide conducts or operates business.

**THIS POLICY WAS APPROVED BY THE BOARD ON 13 February 2019.**