

Hospital Policies and Procedures Manual

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| CORPORATE GOVERNANCE | | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | | Effective Date: October 1, 2021 | Page 1 of 11 |
| Issued by: Compliance Department | <input checked="" type="checkbox"/> New | Supersedes: Resolving Ethical Issues Related to Professional Practice on Conflict of Interest (MMC-HPP-GLD-006 rev. 4); Declaration of Outside Interests and Employment (MMC-HPP-HRM-006) | |
| Approved by: | | | |
| <i>(original document signed)</i> Atty. German Q. Lichauco II Corporate Secretary | | <i>(original document signed)</i> Manuel V. Pangilinan Chair, MDI Board of Directors | <i>(original document signed)</i> Oct/11/2021 Date Signed (MMM/DD/YYYY) |
| Oct/07/2021 Date Signed (MMM/DD/YYYY) | | | |

Makati Medical Center (MMC) has a duty to its stakeholders (i.e. stockholders and investors, directors, officers and employees, patients, 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 actions of the Company.

All Directors, Officers, Employees and Consultants, Medical Staff and Trainees (collectively "Hospital Staff") are expected to execute their duties with the highest standard of ethics and integrity and adhere to the values and principles of Makati Medical Center at all times. The Conflict of Interest Policy ("this Policy") sets out MMC's approach and guidelines on identifying and disclosing any actual or perceived conflict of interest situation that may arise during the execution of Hospital Staff's duties.

Objective:

To provide guidance to Hospital Staff on standards of conduct on various matters specifically with respect to conflict of interest while performing their entrusted roles and responsibilities, executing business and patient care decisions, and treating business and patient care opportunities, in the best interest of MMC, its patients and its various stakeholders.

Scope:

All Hospital Staff are expected to adhere to this Policy and make required disclosures in the prescribed format (refer to Appendix A: Declaration of Outside Interests and Employment) and frequency (that is, in an annual basis), pertaining to their role within the Company.

This Policy applies to, and, shall be implemented by all Hospital Staff.

Hospital Staff may become involved in situations where their private interests or those of their Affiliates may conflict with the interest of MMC or its patients. It is the obligation of each Hospital Staff to avoid any actual or apparent Conflict of Interest between MMC or its patients. At all times, Hospital Staff must be loyal to MMC.

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 2 of 11 |

This Policy sets standards to govern conduct in such situations.

Definition of Terms: For purposes of this Policy,

- a. **AFFILIATE** - any person, entity, organization, business, or venture with whom/which a Hospital Staff has an affiliation, personal relationship or financial involvement. These include among others:
 - i. Relatives (as hereinafter defined);
 - ii. Associates (as hereinafter defined);
 - iii. Corporations or firms where a Hospital Staff and/or his Relative holds a position as director, officer or executive of such corporations or firms.
 - iv. Corporations or firms where a Hospital Staff 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 Hospital Staff 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 Hospital Staff or his Affiliate is a general partner.
 - vii. *A co-ownership in which a Hospital Staff or his Affiliate is one of the co-owners of a property sold, assigned or leased to MMC, except where the sale, assignment and/or lease covers only the other co-owner's (who is not the Hospital Staff or his Affiliate) undivided interest in the property.*
- b. **ASSOCIATES** - third parties with existing or previous close personal or business affiliation or relationship with a Hospital Staff in view of which a Hospital Staff's decisions or actions in the best interest of MMC is unduly affected or compromised.
- c. **CONFLICT OF INTEREST** - occurs when the private interest of Hospital Staff and/or his Affiliate interferes or appears to interfere in any way with the interest of MMC and its patients. It can arise when a Hospital Staff has interests that may make it difficult to perform his or her work

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 3 of 11 |

objectively and effectively regardless of whether or not he or his Affiliate receives or will receive Personal Benefit (as hereinafter defined). Conflict of interest can also arise when a Hospital Staff and/or his Affiliate receives or will receive improper Personal Benefit from a transaction with MMC as a result of the Hospital Staff's position in MMC.

- d. **EMPLOYEE** - any individual hired by MMC for salaries and/or benefits provided in regular amounts at stated intervals in exchange for services rendered personally for the MMC's business on a regular basis and who does not provide such services as part of an independent business. This includes MMC's officers, executives, supervisors, rank and file, and, only for purposes of this Policy, other corporate officers under the MMC's By-laws, temporary staff, casual employees, project employees or Subsidiaries' employees who also work for/serve MPHMI (e.g. on seconded basis).
- e. **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 MDI Board of Directors or the President/CEO, or who act as representatives of the MMC's investors, shareholders, affiliates or partners.
- f. **MEDICAL STAFF** – includes all independent practitioners. Credentialed and privileged by MMC to provide patient care services to its patients and training to its trainees.
- g. **TRAINEES** – includes all fellows, residents, interns, clerks and observers accepted by MMC Division of Medical Education and Research to receive training in MMC.
- h. **PERSONAL BENEFIT** - refers to gain or advantage, whether material or non-material, directly or indirectly provided to or received by a Hospital Staff 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.
- i. **RELATIVES** - relatives of up to the third civil 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 and sisters) [and their spouses], grandparents, and aunts and uncles (limited to brothers or sisters of parents); and a domestic partner and his relatives of up to third civil degree, by consanguinity, affinity or legal adoption.

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 4 of 11 |

- j. 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

Policy: Transactions which are or may have the potential of being deemed as Conflict of Interest transactions are discouraged and must be avoided. All business and patient care decisions of Hospital Staff must be based on the best interest of MMC, its patients and stakeholders and must not be motivated by personal considerations and other relationships that can interfere with their independent and impartial judgment.

Guidelines:

Areas in which Conflict of Interest may arise - The areas enumerated below are descriptive only and not exhaustive.

- a. Dealings with and as Suppliers, Contractors, Business Partners, Consultants and Third Parties.

Hospital Staff are enjoined from giving undue preferential treatment to any individual or entity with whom MMC does business. Further, Hospital Staff shall avoid circumstances that could, or could be reasonably expected to, impair their objectivity in the performance of their duties and obligations to MMC. In this regard, Hospital Staff are prohibited 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 MMC in an impartial and fair 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 MMC 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 MPHHI Group. All Contract is entered into on a fair and arms-length basis, without duress or coercion, and is to be interpreted as an agreement between two parties of

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

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 5 of 11 |

equal bargaining capacities. Notwithstanding any ties between the parties on ownership, affiliation or otherwise, the terms and conditions of the Contract are the same as they would have been, had the parties not have any relation with each other whatsoever (Please refer to Procurement Manual on Supplier Accreditation)

b. Dealings with Hospital Staff 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, Hospital Staff 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. Hospital Staff shall avoid any action or inaction that gives undue preferential treatment or discriminates against any Hospital Staff or prospective employee/consultant. In this regard, Hospital Staff are prohibited 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. Directorship, Executive Positions and Employment in Other Companies or Organizations

Hospital Staff shall avoid accepting positions or employment or carrying out work outside of MMC or MPHHI where a Conflict of Interest or loyalty may arise and which may significantly affect Hospital Staff's efficiency in the performance of his duties and obligations to MMC. For Employees and Consultants, for Medical Staff, and for the Trainees, the Human Resources Management & Development Division ("HRMDD"), Medical Services and Division of Medical Education and Research (DMER), respectively, shall prescribe the requirements and/or guidelines for permissible outside positions, employment, or work (refer to Declaration of Outside Interests and Employment (MMC-HPP-GF-462). For Board of Directors, the requirements and conditions in this Policy shall be in addition to those contained in the MDI By-laws, Revised Manual on Corporate Governance, and other applicable laws, rules, and regulations.

d. Use of Property, Services and Other Resources

Hospital Staff are expected to use the property, services, or other resources of MMC responsibly, efficiently, with care and only for purposes authorized or allowed under the policies or guidelines

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 6 of 11 |

issued by MMC, as the case may be. Accordingly, Hospital Staff are reminded to avoid the more than inconsequential use of the property, services, or other resources of MMC for their Personal Benefit or in any manner not solely for the benefit of MMC or its patients, 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 HRMD shall be responsible for releasing implementing guidelines with respect to the responsible use of Company-issued properties and/or rights. Further, Hospital Staff shall refrain from taking advantage of the property, information of, or their positions in MMC or MPHHI, or opportunities arising from these, for their Personal Benefit or to act against the best interest of MMC or its patients.

e. Dealings with Dealers and Distributors of MPHHI's Products

Conflicts of Interest may also arise in situations where MPHHI or a Hospital Staff and/or their Affiliates are or become dealers of services of MMC. Hospital Staff shall ensure that they treat all dealers and/or distributors with respect, fairness, impartiality, and equal opportunity. Hospital Staff shall avoid any action or inaction that gives undue preferential treatment or discriminates against any dealer, distributor, or potential dealer/distributor. In this regard, MPHHI / involved Hospital Staff are prohibited from participating in any part of the transactions, dealings, or decision-making process with respect to any dealers or distributors in which they and/or their Affiliate have an interest, including any acts that may be deemed as seeking to influence any such action or inaction with respect to such dealers or distributors.

f. Dealings with Customers or Patients

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

g. Prohibited Conflict of Interest Situations

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

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 7 of 11 |

g.2. MMC 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, or when sanctioned by a duly passed and approved Company policy.

h. Other Examples of Situations which May Lead to Conflict of Interests

1. Being a relative of government official who may have dealings with MPHHI or the Group.
2. Having a reporting relationship with a family member.
3. Employment of relatives within the Company or the Group.
4. Being the hiring decision maker of any relative
5. Physician self-referral
6. Financial conflicts of interest in clinical research
7. Payments, gifts, sponsorships or other compensation between pharmaceuticals/medical device companies and physicians / healthcare workers with official decision-making role that may affect the business of MMC

What needs to be done

Hospital Staff shall not engage in any activity that may give rise, or may be perceived to give rise to, a Conflict of Interest. Upon hiring or engagement with MMC, and every year thereafter, MMC staff, Medical staff, Trainee, Contracted service or consultant, fills out "Declaration of Outside Interests and Employment" and "Declaration of adherence and Conflict of Interest".

The presence of any potential conflict of interest should be brought to the attention of Department Head/Chair/Manager and evaluated by the Division Head. In case of identified potential Conflict of Interest, this should be disclosed to the Medical Director for clinical group or to the CEO for corporate group.

For physicians, consultants or employees who are or who has relationships (third degree) with decision making government official / department that has a direct role and can influence decisions related to MMC operations, a documented evaluation whether engagement of such individuals may constitute Conflict of Interest or bribery and corruption risk/issue or perceived favor to government official is required. The Compliance Officer should be informed of such existence.

If in the course of his/her stay in MMC, there is 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

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 8 of 11 |

authorities specified herein, as soon as they become aware of such actual or potential instances and/or situations, the staff fills out “Disclosure of Conflict of Interest” form (Appendix B). Depending on the nature of the conflict situation, conflicted Hospital Staff may be mandated to comply with other requirements. Addressee of Disclosure of Conflict of Interest is as follows:

For Directors

To: The Board of Directors through its Chairman
Cc: Compliance Officer

For Officers

To: The President
Cc: Head of HRMMD and Compliance Officer

All Employees except Officers

To: The Department Head
Cc: Head of HRMMD and Compliance Officer (if involving Government Officials)

For Consultants

To: The Department Head of the business unit for which the Consultant renders professional service
Cc: Head of HRMMD and Compliance Officer (if involving Government Officials)

For Medical Staff

To: Medical Director
Cc: Director for Medical Services and Department Chair and Compliance Officer (if involving Government Posts)

For Trainees

To: Medical Director
Cc: Director for Medical Education and Research and Department Head of Training Program and Compliance Officer (if involving Government Officials)

The Hospital Staff 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.

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 9 of 11 |

Disclaimer

This Policy does not address every possible form of conflicts of interest and it is expected that all Hospital Staff shall apply their best judgement to comply with the principles set forth in the Policy letter and spirit in relation to situations not specifically covered herein. In case of any question or doubt on interpretation or anomaly, the Hospital Staff shall seek necessary clarification from the MMC's Compliance Officer.

Effectivity

This Policy shall take effect immediately. All existing policies, rules, system practices, and related implementing guidelines concerning the same matters covered by this Policy are deemed superseded. In the event of any inconsistency between the policy and guidelines contained herein and the terms of other existing policies, rules, system practices and related implementing guidelines, the policy and guidelines contained herein shall prevail.

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.

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."

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 10 of 11 |

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: Declaration of Outside Interests and Employment

Appendix B: Disclosure of Potential Conflict of Interest

Reference/s: MPHHI Conflict of Interest Policy

Signatories:

(original document signed)

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

Reviewers **Saturnino P. Javier, MD** - Medical Director
Artemio C. Salvador, MD - Head, Quality Management Division

Hospital Policies and Procedures Manual

| | | |
|-----------------------------|------------------------------------|-------------------|
| CORPORATE GOVERNANCE | Document Code: MMC-HPP-GLD-020 | Rev. Code : 00 |
| Conflict of Interest | Effective Date: October 1, 2021 | Page 11 of 11 |

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| John Vincent G. Pastores, MD | - Director, Medical Services |
| Bitá Sigari Avendaño | - Head, Human Resources Management & Development Division |
| Arnold C. Ocampo | - CFO & Division Head, Finance |
| Marielle M. Rubio | - Head, Service Operations Division |
| Jose Paulo P. Lorenzo, MD | - Director, Medical Education and Research |
| Eda Bernadette P. Bodegon, RN, MAN | - Chief Nursing Officer, Nursing and Patient Care Services |
| Arlyn L. Songco | - Head, Creative, Communications, and Sales Services (CCSS) Division |
| Ma. Fleurdeliz C. Atienza | - Manager, Procurement Department |
| Isidoro M. Perfecto | - OIC, Information & Communications Technology Division |
| Engr. Gerry E. Cunanan | - Head, Facilities Management and Engineering Department Division |

Reviewed and Recommended for Approval,

(original document signed)

Atty. Pilar Nenuca Almira

President & CEO

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