

1.0 PURPOSE

The Company bears the responsibility of the affairs of its constituents in a fair and ethical manner by adopting highest standards of professionalism and integrity in its business behavior.

The Audit and Compliance Committee of the Board of Directors of Megawide Construction Corporation has developed this policy to provide a framework for reporting and handling whistleblowers. The Company and its Board recognizes the recommendations of Philippine Securities Exchange Commission (SEC) Corporate Governance Code on transparency and good governance practices.

2.0 SCOPE

The Policy applies to all employees of Megawide Construction Corporation and its subsidiaries.

3.0 TYPES OF CONCERNS TO BE REPORTED

All directors, officers and employees have a responsibility to report concerns. This policy deals with reporting concerns related to the following areas:

- **FINANCIAL RECORDS** – misrepresentation or suppression of financial information; non-adherence to internal financial reporting policy/ controls, including management over-rides; and auditor independence concerns.
- **SUSPECTED FRAUDULENT ACCOUNTING** – unlawful or improper payments.
- **BREACHES OF THE GUIDELINES AND OTHER COMPLIANCE POLICIES** – examples include: insider trading, market manipulation; corrupt practices including giving or receiving bribes or other improper benefits; conflict of interest concerns; deliberate cover-up of inappropriate activities; obstruction of investigation; illegal, deceptive or anti-competitive sales practices; other violations of governing regulations, and non-adherence to internal compliance policies.
- **RETALIATION OR REPRISAL AGAINST AN INDIVIDUAL WHO REPORTS A CONCERN** – examples include: statements, conduct or actions that are intended to demote, suspend, or otherwise discriminate against an individual reporting a concern in good faith in accordance with this Policy.

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POLICY

Revision No.: 00

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WHISTLEBLOWER

Effective Date: Dec 2, 2016

4.0 ROLES AND RESPONSIBILITY

4.1 Audit and Compliance Committee

- Reviewing and recommending approval of the Whistleblower Policy and Procedures to the Board of Directors;
- Oversight of the Whistleblower Program; and
- Receiving, investigating and auctioning concerns involving Executive Management and Audit.

4.2 Internal Audit Group

- Developing and maintaining the Policy;
- Managing the Program;
- Conducting or assigning investigations of concerns, other than those performed under the direct supervision of the Audit and Compliance Committee;
- As appropriate, referring concerns raised to other departments such as Human Resources for handling;
- Communicating with directors, officers and employees who have raised concerns, either directly or through the Hotline facility;
- Reporting to the Audit and Conduct Review Committee, Executive Management and/or the External Auditors; and
- Consolidating, filing and retaining all records of concerns received, together with the status/results of investigations.

4.3 Corporate Compliance Officer

- Receiving concerns through the Hotline;
- Reporting concerns to the appropriate recipients within the Group; and
- Providing confidential access to the Hotline for follow up communication with the claimant in order to maintain their anonymity.

4.4 Human Resources

- Consulting in the development and maintenance of the Policy;
- Communicating the Guidelines for Business Conduct, with this Policy as a supplement; and
- Conducting or assisting in the investigation of human resources concerns and reporting results to Internal Audit Group.

4.5 Business Unit and Executive Management

- Communicating and enforcing the Whistleblower Policy and Procedures; and
- Directing concerns raised through the Chain of Communication to the appropriate department for investigation and resolution including, if warranted, the Internal Audit Group.

4.6 All Directors, Officers and Employees

- Acting with integrity and honesty in all financial reporting and other duties; and

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- Reporting any wrongdoing or concerns, including those relative to:
 - Financial Reporting,
 - Suspected Fraudulent Activity,
 - Breaches of the Guidelines and Other Compliance Policies,
 - Retaliation or Retribution

5.0 DESCRIPTION OF ACTIVITIES/PROCEDURE

5.1 Receiving and Investigating Reports

1. All Protected Disclosure concerning **Internal Matters** should be addressed to the Chairman of the Audit and Compliance Committee of the Company for investigation.
2. In respect of all other protected disclosures, those concerning the Compliance Officer and employees at the levels of Assistant Vice Presidents and above should be addressed to the Chairman of Risk and Compliance Committee of the Company and those concerning other employees should be addressed to the Compliance Officer of the Company.

The contact details* are as follows:

Chairman of the Audit and Compliance Committee
Name: Mr. Leonilo Coronel
Email address: topcoronel@gmail.com

Corporate Compliance Officer
Name: Quasha Law Firm
Email address: quasha@quasha-interlaw.com

* Indicate "Megawide Corporation."

** Whistleblower disclosures involving Executives (AVP and above) should be reported to the Chairman of the Audit and Compliance Committee. Otherwise, it should be submitted to Quasha Law Firm.

3. If a protected disclosure is received by an executive of the Company other than Chairman of Audit and Compliance Committee or the Compliance Officer, the same should be forwarded to the Company's Compliance Officer or the Chairman of the Audit and Compliance Committee for further action. Appropriate care must be taken to keep the identity of the whistleblower.
4. Protected Disclosure should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in English or Filipino.
5. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative

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6. The Whistleblower may disclose his/her identity in the covering letter forwarding such Protective Disclosure. Anonymous disclosure will also be entertained. However, it may not be possible to interview the Whistleblowers and grant him/her protection under the policy.
7. All Protected Disclosures reported under this Policy will be immediately investigated by the Compliance Officer/Chairman of the Audit and Compliance Committee of the Company, who will investigate/oversee the investigation under the authorization of the Audit and Compliance Committee.
8. The Compliance Officer/Chairman of the Audit and Compliance Committee may, at its discretion, consider involving any Investigators for the purpose of investigation. The following are the considerations in warranting an investigation to a reported allegation.
 - a. The position of the alleged perpetrator. The higher the position or influence of the alleged perpetrator in the Company, the higher need for an investigation.
 - b. The impact or seriousness of the alleged inappropriate activity to the Company's operations, financial records, reputation.
 - c. The amount of potential monetary or asset loss to the Company due to the inappropriate activity.
 - d. The credibility of the allegation. Factors affecting credibility may be character records of the whistleblower, if similar allegations have already occurred in the past, or if the allegation has been submitted with considerable evidence.
9. In the event that any of members of investigation team is implicated in the report, he should remove himself from the investigation and inform the Audit and Compliance Committee in writing and the reason for the withdrawal. A replacement may be appointed by the Audit and Compliance Committee. At its discretion, the Audit and Compliance Committee may also engage outside auditors, counsels or experts to assist in the investigation.
10. The decision to conduct an investigation taken by the Compliance Officer/Chairman of the Audit and Compliance Committee is by itself not an accusation and is to be treated as neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistleblower that an improper unethical act was committed.
11. The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
12. Subjects will normally be informed of the allegation at the outset of formal investigation and have opportunities for providing their inputs during the investigation.
13. Subjects shall have a duty to cooperate with the Compliance Officer/Chairman of the Audit and Compliance Committee or any of the Investigators during investigation to the extent that

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such-co-operation will not compromise self-incrimination protection under applicable laws.

- 14. Subjects have a right to consult with a person or persons of their choice other than Compliance Officers/ Investigator and/ or members of the Audit and Compliance Committee and/ or the Whistleblower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation.
- 15. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witness shall not be influenced, coached, threatened or intimidated by the Subjects.
- 16. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation or wrongdoing against a Subject shall be considered as maintainable unless there is a good evidence in support of the allegation.
- 17. Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- 18. The investigation shall be completed normally within 45 days upon receipt of the Protected Disclosure.

5.2 Protection and Disqualification of the Whistleblowers

- 19. No unfair treatment will be meted out to a Whistleblower by virtue of his/her having reported a Protected Disclosure under this Policy. Complete protection will be given to Whistleblowers against any unfair practice like retaliation, threat or intimidation, of termination/suspension, of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure. Thus, if the Whistleblower is involved in criminal or disciplinary proceeding, the Company will arrange for Whistleblower to receive advice about the procedure.
- 20. A Whistleblower may report any violation of the above clause to the Chairman of the Audit and Compliance Committee, who shall investigate and the same will recommend suitable action to the management.
- 21. The Audit and Compliance Committee or persons investigating a reported allegation should not, unless compelled by any legal process, reveal the identity of the whistleblower or any information pertaining to the report or its investigation.
- 22. Any other Employee assisting in the said investigation shall, to the extent as the Whistleblower.

23. While it will be ensured that genuine Whistleblowers shall be given complete protection.

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any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

- 24. Protection under this Policy would not mean protection from discipline for false or bogus allegations made by the Whistleblower knowingly in a false or bogus or with a mala fide intention.
- 25. No part of this policy exempts a Whistleblower, who is an accomplice to the reported inappropriate activity, from any disciplinary proceeding conducted by the Company. The significance of the contribution of the Whistleblower will be considered to possibly mitigate penalties or sanctions as approved by the Audit and Compliance Committee.

5.3 Reporting and Records

- 26. The status/resolution of the investigation will be communicated to the Claimant, where possible. The results of the investigation shall be reported to the Audit and Compliance Committee on a quarterly basis or as more frequent if needed. The Company and its management should respond as appropriate under the circumstances of result of the investigation. The Audit and Compliance Committee has the authority to direct the appropriate corrective action.
- 27. The Compliance Officer should retain for a period of seven (7) years all records, evidence or materials relating to any reported allegation or its investigation. All such records shall be confidential to the Company and are protected by attorney-client privilege. These will be treated as privileged and confidential.

6.0 FLOWCHART

n/a

7.0 APPENDICES/REFERENCES

n/a

8.0 FORMS/RECORDS

n/a

9.0 SUMMARY OF CHANGES

Initial issuance

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