

Inter-Office Memorandum

Ref. No. : **IOMC-21-001**
To : **All Concerned**
From : **PKII Compliance Office**
Date : **01 July 2021**
Subject : **Anti-Bribery Prevention Regulation**

PKII has developed its **Anti-Bribery Prevention Regulation** as part of NK and NK Group of Companies' campaign to raise awareness on the established laws & regulations on grafts and corruptions.

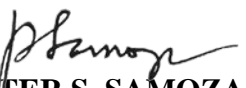
To ensure that all concerned parties are knowledgeable on the company's anti-bribery prevention protocols and response, attached is the company's **Anti-Bribery Prevention Regulation**.

For your information and guidance.


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Compliance Officer


ROSITA M. NARTE
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Noted by:


PETER S. SAMOZA
President

Bribery Prevention Regulations
Philkoei International, Inc.

1. Purpose

These Regulations exemplify Philkoei International, Inc. (PKII)'s system in preventing bribery in compliance with the following regulations:

- a) Criminal Law, Act 3815-Revised Penal Code, Republic Act of 3019, 6713 and 7080, Presidential Decree No. 48 of the Republic of the Philippines,
- b) the Unfair Competition Prevention Act of Japan,
- c) Foreign Corrupt Practices Act (FCPA) of the U.S.A. and
- d) UK Bribery Act (UKBA) of the U.K. (hereinafter referred to as the "anti-bribery regulations")

And thus preventing any act in violation of the anti-bribery regulations.

2. Scope of Application

These Regulations shall apply to directors, officers, permanent/temporary employees, regular consultants, consultants, dispatched employees (Permanent or Temporary) engaged in the operations of the Company (hereinafter collectively referred to as "persons engaged").

3. Prohibition:

1. The Revised Penal Code of the Philippines defines bribery as:

(1.a).. Direct bribery - any public officer who shall agree to perform an act constituting a crime, in connection with the performance of his official duties, in consideration of any offer, promise, gift, or present received by such officer personally or through the mediation of another.

(1.b). Indirect bribery - any public officer who shall accept gifts offered to him by reason of his office

(1.c).. Qualified bribery - any public officer who is entrusted with law enforcement and refrains from arresting or prosecuting an offender who has committed a crime punishable by reclusion perpetua and/or death in consideration of any offer, promise, gift or present.

2. A person engaged shall not bribe a public servant or an equivalent person and shall

not receive bribes (provision of illegal profit) from any stakeholder. Facilitation payment (payment of small amounts to public servants or equivalent persons to facilitate the procedures of ordinary administrative services) are also considered as bribery.

(1). The provisions of the preceding paragraph shall not apply if a person engaged is demanded by a public servant or an equivalent person to supply benefits including facilitation payments and, when refusing such demand, his or her personal security is endangered or there is any other reason by which such act is unavoidable.

(2). Each of the provisions of the preceding paragraphs shall apply to dealings with persons of private companies (hereinafter, public servants or equivalent persons and persons of private companies shall be collectively referred to as, “public servants, etc.”).

4. Appointment of Agent

When transactions are conducted through an agent, proxy, subcontractor, or JV partner (hereinafter collectively referred to as an “agent”), due diligence and any other necessary measure shall be taken depending on the degree of bribery risk.

5. Anti-bribery System

(1) The President of PKII shall serve as the Chief Management Officer in the development and promotion of the anti-bribery system of PKII.

(2) Top Management of PKII shall be in charge of risk management at each unit to develop and promote the anti-bribery system. The Risk Management shall be in accordance with the company’s Risk and Crisis Management Regulations.

(3) At each department/project/branch office of PKII promotion and implementation of the regulation shall be led by the head of each department, project office and or the branch office.

6. Approval for Provision of Profit and Reporting System

(1) When a person engaged provides profit such as entertainment, gift, payoff of expenses, donation or financial assistance (hereinafter referred to as “provision of profit”), with respect to such offer, an application for approval or report shall be made based on the category shown below. In this paragraph, an “intention of wrongful act” shall mean an intention to obtain wrongful profit by providing profit to public servants, etc.

Category	How to apply for approval or make report
A) Conventional payoff of expenses and entertainment costs without an intention of wrongful act and within the limit of amount acceptable by social code of honor	This one does not need prior approval from the Top Management as it belongs to category that is conventional. However, after making payment, a report shall be made to the Top Management, by indicating the payment date, the receiving organization, the person's name and position to which the payment was made and the amount and attaching a copy of evidenced document and an explanatory document.
B) Payoff of expenses to present this Company's services or to fulfill contractual obligations, without an intention of wrongful act (not a large amount of payoff)	A prior written application shall be submitted to the Top Management for approval. In addition, although a report after payment shall be made in the same manner as A), the explanatory document is required to have the signature of the head of each department to prove that the provision of such profit has a compelling reason.
C) Provision of profit without an intention of wrongful act in case there is no alternative means (not a large amount of profit)	
D) Provision of profit without an intention of wrongful act when there is a compelling human or environmental reason	

- (2) The Top Management cannot approve the application when it does not fall under any of B), C) and D) or the content of the provision of profit is not adequate.
- (3) When a person engaged provides profit under Paragraph 1, C) or D) above and his or her personal security is endangered or there is any other reason by which such act is unavoidable, the person can provide profit not submitting a written prior application to the Top Management. In this case, however, an explanatory document attached with the signature of the head of the department he or she belongs to shall be attached to the report to be made after payment to prove it was impossible to apply in advance.
- (4) When an application for provision of profit is made as stipulated in Paragraph 1 and the content of such application is specifically important, the Top Management shall consult the President for approval.
- (5) Provision of profit can include items and amount shown below. A prior approval of the President shall be obtained at the provision of other items and higher amount.

Items:	Souvenir, Seasonal gift, Occasional gift, gift/money/flower for congratulatory/condolatory, donation to the party/gathering/meeting, lunch/dinner/party/gathering	
Amount per recipient:	Secretary, Undersecretary, Administrator (Department), President (Private)	PHP 10,000 – 15,000
	Assistant Secretary, Director	PHP 8,000 – 10,000
	Project Manager, Key Staff	PHP 5,000 – 7,500

	Project Staff	PHP 3,000 – 5,000
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7. Records and Retention

- (1) A person engaged shall develop accurate records concerning provision of profit made to third parties pursuant to provisions of the foregoing article and, through the head of the department he or she belongs or Finance Department, shall submit to the department in charge of risk management records and documents relating to the approval and reports as stipulated in the preceding article along with other related documents.
- (2) The Finance Department will prepare and submit the report with approval of the management on the expenditure to the President monthly and retain the records for ten years.

8. Responses when Illegal Provision of Profit is Requested

- (1) When a person engaged is requested to illegally provide profit, the person shall report such a request to the head of the department he or she belongs to.
- (2) When the head of such a department receives a report as described in the preceding paragraph, the head must report it immediately to the President through the Top Management and shall investigate facts and take prompt and adequate actions accordingly.

9. Audit

The Top Management and/or the designated persons shall periodically audit the operations in the company for compliance with the anti-bribery regulations. If any act that may violate the anti-bribery regulations is identified, the said department shall instruct the relevant personnel to ensure improvement of the situation and report it pursuant to the provision in the paragraph 3 of the following article.

10. Incident Response

- (1) A person engaged, when recognizing a phenomenon that violates these Regulations (including phenomena that are doubtful for violation; collectively referred to as “acts, etc. violating these Regulations”) shall immediately report the details of it to the head of the department he or she belongs and the Top Management.
- (2) The head of the department he or she belongs and the Top Management, when

receiving a report described in the preceding paragraph, shall investigate facts and take prompt and adequate actions accordingly.

- (3) The Top Management, when identifying an act, etc. violating these Regulations following the investigation made pursuant to the preceding paragraph, shall immediately report it to the President and at the same time report it to the general manager of segment of Nippon Koei Co., Ltd. (NK) through the department in charge of compliance at NK.
- (4) A person engaged, when making a report pursuant to Paragraph 1 above and finding it difficult for the Top Management to respond adequately, can make a report on the act, etc. violating these Regulations to the department in charge of compliance at NK.

11. Communication and Training

The Top Management shall provide the employees with the essential information to raise awareness and understanding of the company's program and campaign against Anti-Bribery such as education, internal communication and promotional materials.

12. Penalty

These Regulations are part of the regulations of PKII as prescribed in Employment Manual. A person engaged, when violating any of these Regulations, shall be subject to disciplinary action by this Company pursuant to the provisions of the Employment Manual. (II. Disciplinary Regulations - D Section I)

13. Department in Charge and Revision or Abolition

The Compliance section of PKII shall be in charge of the implementation, revision and abolition of this Regulations subject for approval by the President.

Established 2021.06.30.1st draft