

EXECUTIVE SUMMARY

POLICY NAME: ***PMPC Compliance Program Policy***

PURPOSE

The purpose of PMPC's the Compliance Program and its component policies and procedures is to establish and maintain a culture within PMPC that promotes high standards of ethical and business conduct; the prevention, detection and resolution of conduct that does not conform to PMPC's standards, and policies; and to ensure compliance with applicable local laws.

SCOPE

The Compliance Program applies to all PMPC personnel, including but not limited to its Governing Board.

COMPOSITION

The Compliance Program includes the following elements:

1. Written standards, policies and procedures.
2. The designation of a Compliance Officer and Compliance Committee.
3. Education and training programs for PMPC personnel.
4. A process to receive complaints concerning possible Compliance Program violations.
5. A process to respond to allegations of improper activities.
6. Periodic audits or other methods to monitor compliance.
7. A process for investigating and resolving any identified problems.

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COMPLIANCE PROGRAM: PURPOSE AND OVERVIEW

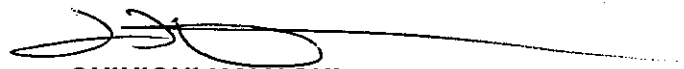
Panasonic Manufacturing Philippines Corporation ("PMPC"), its Governing Board, and its management are committed to high standards of ethical, professional and business conduct; and full compliance with all applicable laws, rules and regulations.

The purpose of this Compliance Program and its component policies and procedures is to establish and maintain a culture within PMPC that promotes high standards of ethical and business conduct; and the prevention, detection and resolution of conduct that does not conform to PMPC's standards, policies, and applicable law. The Compliance Program applies to all PMPC personnel, including but not limited to its Governing Board. The Compliance Program includes the following elements:

1. Written standards, policies and procedures which promote PMPC's commitment to compliance with applicable laws and regulations.
2. The designation of a Compliance Officer and Compliance Committee charged with the responsibility of implementing and monitoring the Compliance Program.
3. Regular, effective education and training programs for all affected PMPC personnel as appropriate to their functions.
4. A process to receive complaints concerning possible Compliance Program violations, procedures to protect the anonymity of complainants to the extent possible, and policies that protect complainants from retaliation.
5. A process to respond to allegations of improper activities and the enforcement of appropriate disciplinary action against PMPC personnel who have violated PMPC policies, laws, regulations, or compliance program requirements.
6. Periodic audits or other methods to monitor compliance and assist in the reduction of problems in any identified areas.
7. A process for investigating and resolving any identified problems.

As demonstrated by the signatures below, the Compliance Program is enacted at the direction and with the support of the Governing Board, President and Compliance Officer.

APPROVED BY:



SHINICHI HAYASHI
 Chairman of the Board & CEO
 Date: 9/18/2018



YOSHIYUKI TAKAHASHI
 Chief Compliance Officer
 Date: 9/17/2018



EMLIANO VOLANTE
 Audit Committee Chairman
 Date: 9/17/2018

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COMPLIANCE PROGRAM: General Standards of Conduct

POLICY

PMPC personnel shall adhere to high standards of ethical conduct and will comply with and assist PMPC in complying with all applicable laws and regulations.

PROCEDURE

PMPC personnel shall comply with the following policies and standards:

1. **Code of Ethics and Business Conduct.** PMPC personnel shall comply with and perform their respective responsibilities consistent with high ethical and code of conduct. They shall treat co-workers, and others in a professional manner with honesty, fairness, dignity and respect.
2. **PMPC policies and procedures.** PMPC personnel shall comply with all applicable PMPC policies and procedures, including but not limited to those policies and procedures relevant to the Compliance Program.
3. **Laws, regulations, and program requirements.** PMPC personnel shall comply with all applicable law, rules and regulations e.g. Corporate Governance, Financial Reporting Standards, Taxations, Disclosure Rules etc.
4. **Non-discrimination.** PMPC personnel shall not discriminate against other PMPC personnel, or others on the basis of race, color, sex, religion, age, national origin, ancestry, disability, or sexual orientation.
5. **Anti-corruption.** PMPC's policy prohibit paying, offering or receiving anything of value to induce possible business or favor. This applies to offering or receiving any money, gifts, free or discounted items or services, professional courtesies, or other arrangements with the intent to induce business. This applies to any such transactions involving supplier and customer relationship, including transactions, vendors, or third party service providers. Violations may subject the PMPC and its personnel to administrative penalties and/or termination.
6. **Improper business activities.** PMPC personnel shall not engage in false, fraudulent, improper, or questionable business transaction.
7. **Conflict of Interest.** Conflict of interest refers to a situation where an employee's personal relationship(s) or financial interest(s) could reasonably be seen as influencing the employee's duty to act in the best interests of PMPC. An employee shall refrain from all Conflicts of Interest. If an employee becomes aware of, or becomes involved in, a Conflict of Interest, he or she shall immediately disclose such Conflict of Interest to the Department Head. An employee must also disclose what could be "perceived" by an outsider as a Conflict of Interest.

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8. **Unfair competition and deceptive trade – Cartel.** Laws prevent certain anti-competitive conduct, including collusive agreements among competitors to set prices etc. PMPC personnel should not engage in collusive discussions with competitors over such things as prices, employee wages, and services to be rendered or eliminated. Similarly, PMPC personnel should not discuss exclusive arrangements with third-party, vendors, and providers without first discussing the matter with the Compliance Officer. Finally, PMPC personnel should not engage in any deceptive acts relating to PMPC business operation.

9. **Privacy and confidentiality.** PMPC personnel shall maintain the confidentiality of customer and suppliers required by PMPC's Information Security Management (**ISM**) policy and the Data Privacy Act 2012. PMPC personnel should not access customer or supplier's information unless they have a need to access the information because of their job duties. To the extent feasible and allowed by law, PMPC personnel shall maintain the confidentiality of communications and records containing confidential information concerning co-workers; communications and records relating to PMPC's confidential financial or business operations, trade secrets, credentialing or peer review actions; documents prepared in anticipation of litigation; and communications with legal counsel for PMPC.

10. **Entities that contract with PMPC.** PMPC personnel shall ensure that vendors and other entities which contract with PMPC comply with the Compliance Program and cooperate with PMPC's compliance efforts. If a contract or arrangement with an outside entity implicates any of the compliance concerns discussed above, PMPC personnel should refer the contract or matter to the Compliance Officer for review. Nothing in this policy or Compliance Program shall be construed as an undertaking by PMPC to inspect, assume liability for or guarantee the performance of work or activities by independent contractors or other agents.

11. **Questions concerning the Compliance Program.** PMPC personnel shall seek clarification from or approval by the Compliance Officer before engaging in actions or transactions if there is any question concerning whether the action or transaction complies with applicable laws, regulations, program requirements, or PMPC policies.

12. **Report suspected violations.** PMPC may have an obligation to promptly report compliance program violation, it is essential that PMPC personnel:
 - a) Comply with applicable laws, regulations, and policies; and
 - b) Immediately report suspected violations or compliance concerns to their supervisor, department leader, or the Compliance Officer as set forth in the **COMPLIANCE PROGRAM: Communication About Compliance Issues Policy**. Anonymous reports may be made through company's whistleblower hotline number. The failure to report a suspected violation may subject PMPC personnel to appropriate discipline.

13. **Non-retaliation.** PMPC personnel shall not retaliate against any person for reporting a suspected violation of any law, regulation, program requirement or PMPC policy relevant to the Compliance Program.

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All PMPC personnel shall be required to review these Standards of Conduct and sign below confirming that they have reviewed the Standards as set forth below.

PMPC PERSONNEL ACKNOWLEDGEMENT OF GENERAL STANDARDS OF CONDUCT

Employee, Supplier, or Contractor Name: _____

I hereby acknowledge that I have received and reviewed PMPC's Standards of Conduct, I have had any questions I had answered, and that I agree to be bound by and shall comply with the Standards of Conduct. I understand that failure to comply with the Standards of Conduct or other PMPC policies may subject me to immediate adverse action, which may include suspension or termination of employment and/or contract.

Signed: _____

Date: _____

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COMPLIANCE PROGRAM: Governing Board Responsibilities

POLICY

The Governing Board of PMPC is responsible for ensuring that PMPC has an effective Compliance Program pursuant to SEC's Code of Corporate Governance; appointing a qualified Compliance Officer and members of the Compliance Committee; and receiving regular reports and taking appropriate action to ensure that PMPC is following the Compliance Program.

PROCEDURE

In addition to any other actions that may be necessary and appropriate to fulfill the purpose of this Compliance Program, the Governing Board shall:

1. To the extent applicable, comply with SEC's Code of Corporate Governance for publicly listed companies.
2. Comply with the COMPLIANCE PROGRAM: General Standards of Conduct Policy.
3. Appoint an appropriate Compliance Officer.
4. Organize and appoint appropriate members of the Compliance Committee.
5. Authorize reasonable and appropriate funding and staff to implement the Compliance Program, including but not limited to that which is necessary to allow the Compliance Officer and Compliance Committee to reasonably perform their responsibilities.
6. Receive and review reports from the Compliance Officer on a quarterly basis, or more frequently as deemed necessary by the Board or Compliance Officer.
7. Take appropriate action on any compliance issues brought before it consistent with this Compliance Program and applicable bylaws, rules and regulations, including but not limited to ensuring that compliance issues are appropriately investigated and resolved consistent with the requirements of applicable law; that remedial efforts are implemented to avoid or correct compliance concerns; and that PMPC personnel are disciplined as appropriate.
8. Participate in periodic training concerning issues relevant to the Compliance Program as set forth in the COMPLIANCE PROGRAM: Education and Training Policy.
9. Maintain the confidentiality of any compliance issues brought before it consistent with applicable PMPC policies, laws and regulations.

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COMPLIANCE PROGRAM: Chief Compliance Officer Responsibilities

POLICY

The Chief Compliance Officer of PMPC is responsible for supporting the Compliance Program; and, in coordination with the Compliance Officer and Compliance Committee, overseeing compliance activities at PMPC.

PROCEDURE

In addition to any other actions that may be necessary and appropriate to fulfill the purpose of this Compliance Program, the Chief Compliance Officer shall:

1. Support the full implementation of compliance program of the company.
2. Comply with the COMPLIANCE PROGRAM: General Standards of Conduct Policy.
3. Develop an appropriate job description for a Compliance Officer.
4. Supervise the Compliance Officer and, in cooperation with the Compliance Officer and Compliance Committee, oversee all compliance activities.
5. Identify and delegate appropriate responsibilities to such other PMPC personnel as necessary to implement and maintain an effective Compliance Program.
6. Receive and, where appropriate, act on reports from the Compliance Officer and/or Compliance Committee.
7. Support departmental corrective actions as recommended by the Compliance Officer and/or Compliance Committee.
8. In the event of a potential violation of any laws, rules or regulation, ensure appropriate steps are taken to respond to the alleged violation, including but not limited to consulting with legal counsel on behalf of PMPC where appropriate.
9. Participate in periodic training concerning issues relevant to the Compliance Program as set forth in COMPLIANCE PROGRAM: Education and Training Policy.
10. Maintain the confidentiality of any compliance issues brought before the Chief Compliance Officer consistent with applicable PMPC policies, laws and regulations.

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COMPLIANCE PROGRAM: Compliance Officer Responsibilities

POLICY

PMPC shall have a Compliance Officer. The Compliance Officer shall report directly to the Chief Compliance Officer and, as appropriate, the Governing Board. With the assistance of the Compliance Committee, the Compliance Officer shall be responsible for implementing, monitoring, and coordinating such action as is necessary and appropriate to facilitate an effective Compliance Program.

PROCEDURE

1. **Appointment.** The Compliance Officer shall be selected and appointed by resolution of the Board.
2. **Duties.** In addition to any other actions that may be necessary to fulfill the purpose of this Compliance Program, the Compliance Officer shall:
 - a. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
 - b. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, corporate governance, rules and regulations and all governance issuances of regulatory agencies;
 - c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
 - d. Ensures the integrity and accuracy of all documentary submissions to regulators;
 - e. Appears before the SEC when summoned in relation to compliance with this Code;
 - f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
 - g. Identifies possible areas of compliance issues and works towards the resolution of the same;
 - h. Ensures the attendance of board members and key officers to relevant trainings;
 - i. Comply with the COMPLIANCE PROGRAM: General Standards of Conduct Policy.
 - j. Oversee, monitor, and coordinate the implementation and maintenance of an effective Compliance Program.
 - k. Serve as the Chairperson of the Compliance Committee (Chief Compliance Officer may also chair the Compliance Committee.)

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- l. Report directly to the Chief Compliance Officer and the Compliance Committee concerning compliance activities.
- m. Report directly to the Governing Board concerning compliance activities on a quarterly basis, or more frequently as deemed necessary by the Governing Board, Chief Compliance Officer, or Compliance Officer. The Compliance Officer shall have authority and the responsibility to report directly to the Governing Board if he/she believes the Chief Compliance Officer is not adequately addressing compliance concerns. Among other things, the reports should summarize the results of compliance investigations, reviews or audits.
- n. Periodically revise the Compliance Program as necessary to meet the needs of PMPC and comply with relevant laws, rules and regulations.
- o. In cooperation and coordination with Human Resources, develop and direct programs that educate and train PMPC personnel concerning the Compliance Program and the requirements of relevant laws, regulations, and program requirements as set forth in the COMPLIANCE PROGRAM: Education and Training Policy.
- p. Ensure that contracts, financial arrangements, marketing initiatives, or other transactions that may implicate fraud and abuse laws and regulations are reviewed for compliance.
- q. Take reasonable steps to ensure that independent contractors and agents that provide services to PMPC are aware of and/or act consistently with applicable laws, regulations, and PMPC policies, including the Compliance Plan. In the event that the Compliance Officer becomes aware of a violation of applicable laws, regulations or policies by independent contractors or agents, the Compliance Officer shall take appropriate steps to address the situation, including, where appropriate, modifying or terminating the relationship.
- r. Coordinate with Human Resources or other appropriate PMPC personnel to ensure that appropriate background checks are performed so that PMPC does not employ persons who have been recently convicted of criminal offense related to fraud and abuse.
- s. Work with PMPC managers and the Compliance Committee to establish appropriate internal compliance reviews and evaluation procedures for relevant departments.

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- t. Develop policies and procedures that encourage and allow PMPC personnel to report suspected compliance violations and other improprieties without fear of retaliation. Where possible, provide a method for anonymous reporting.
- u. Take appropriate action on matters that raise compliance concerns, including but not limited to reports or complaints of suspected violations. The Compliance Officer shall have flexibility to design and coordinate internal investigations and any resulting corrective action with relevant PMPC departments, providers and, if appropriate, independent contractors.
- v. Promptly report any apparent intentional violation of any laws, rules and regulation by any staff or employee to the Chief Compliance Officer. The Chief Compliance Officer may notify legal counsel and, if appropriate, coordinate any appropriate disclosure to the appropriate government agency.
- w. In coordination with Human Resources or the appropriate manager and upon the approval of the Chief Compliance Officer, promptly initiate appropriate disciplinary or corrective action against any PMPC personnel for violations of the Compliance Program as the circumstances warrant. The Compliance Officer shall review applicable bylaws, policies, procedures and contracts to ensure that the action taken is consistent with applicable standards and processes, if any.
- x. If any systemic errors have resulted that would violate the Compliance Program or applicable laws and regulations, recommend appropriate corrective action to the Chief Compliance Officer.
- y. Establish and maintain a record of every complaint received involving a potential violation of any law or regulation which record shall include the following information:
 - i. the date received;
 - ii. the manner in which the report was received (e.g., by anonymous report);
 - iii. a brief statement of the facts alleged;
 - iv. notes detailing and documenting a timely investigation and response; and
 - v. a summary of the action taken and the date the action was taken
- z. Maintain records of substantive contact with any government agency relevant to the Compliance Program, including but not limited to decisions, guidance, or advisory opinions concerning PMPC's compliance. If the government agency refuses to provide such guidance, the fact shall be documented.

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aa. Maintain the confidentiality of any compliance issues brought before the Compliance Officer consistent with applicable PMPC policies, laws and regulations.

3. **Funding.** The Compliance Officer shall be afforded sufficient funding and staff to enable him or her to reasonably perform his/her responsibilities.

4. **Access.** Except as prohibited by applicable laws or regulations, the Compliance Officer shall have authority to review all documents and other information relevant to compliance activities, including but not limited to records and agreements with other parties such as employees, staff professionals, independent contractors, suppliers, etc.

5. **Legal Counsel.** Government regulators recognize that assertions of fraud and abuse raise numerous complex legal and management issues that should be examined on a case by case basis and, therefore, the Compliance Officer should work closely with legal counsel, who can provide guidance regarding such issues.

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COMPLIANCE PROGRAM: Compliance Committee Responsibilities

POLICY

PMPC shall have a Compliance Committee. The Compliance Committee shall be responsible for assisting and advising the Compliance Officer in implementing, monitoring, and coordinating such action as is necessary and appropriate to facilitate an effective Compliance Program.

PROCEDURE

1. **Appointment.** The members of the Compliance Committee shall be appointed by the Board, and shall consist of:
 - a. The Compliance Officer, who shall serve as Chairperson of the Compliance Committee.
 - b. The Chief Compliance Officer or his or her representative.
 - c. The Chief Financial Officer or his or her representative.
 - d. Representatives from appropriate PMPC departments
 - e. Other PMPC personnel as appropriate and appointed by the Governing Board.
 - f. Legal counsel, as appropriate and determined by the Chief Compliance Officer.

2. **Duties.** In addition to any other actions that may be necessary or appropriate to fulfill the purpose of this Compliance Program, the Compliance Committee shall do the following:
 - i. Comply with the COMPLIANCE PROGRAM: General Standards of Conduct Policy.
 - ii. Meet quarterly or more frequently as deemed necessary by the Board, Chief Compliance Officer, or Compliance Officer.
 - iii. Advise and assist the Compliance Officer in implementing and monitoring the Compliance Program throughout PMPC.
 - iv. Assist the Compliance Officer and department leaders in identifying, analyzing, and prioritizing specific areas of concern or risks in relevant departments.
 - v. Assist the Compliance Officer and department leaders in developing, implementing, monitoring and evaluating standards, policies and procedures to ensure compliance in specific departments.
 - vi. Assist the Compliance Officer in developing procedures to promote the detection of compliance problems through, e.g., employee reports; employee complaints; employee hotlines; etc.

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COMPLIANCE PROGRAM: PMPC Employee Responsibilities

POLICY

Each PMPC member, employee, or contractor is responsible for complying with and, as appropriate to the employee's position and responsibilities, assisting PMPC in its compliance activities. No person will be subject to any retribution or disciplinary action for reporting a suspected violation of the Compliance Program or applicable law or regulation in good faith. The failure to report a suspected violation of which the employee has information may subject the employee to discipline.

PROCEDURE

1. Compliance. Each PMPC employee shall:

- i. Comply with the COMPLIANCE PROGRAM: General Standards of Conduct Policy.
- ii. Cooperate with and, as appropriate to the employee's position and responsibilities, assist PMPC in implementing, maintaining, and monitoring the Compliance Program.
- iii. Report all suspected violations of the Compliance Program, laws, and regulations as set forth in the COMPLIANCE PROGRAM: Communication About Compliance Issues Policy.
- iv. Refrain from retaliating against any person for reporting suspected violations of the Compliance Program or laws, regulations, and third-party program requirements.
- v. Participate in initial and periodic training concerning issues relevant to the compliance program as set forth in the COMPLIANCE PROGRAM: Education and Training Policy.

2. Evaluation. Adherence to the provisions of the Compliance Program shall be an element in the evaluation of each employee's performance standards.

3. Violations. Violation of the Compliance Program and its associated policies and procedures, or of any law or regulation, shall be grounds for employee discipline as set forth in this Compliance Program and the PMPC Employee Handbook.

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COMPLIANCE PROGRAM: Education and Training

POLICY

PMPC will provide relevant training to PMPC personnel concerning compliance issues, including but not limited to applicable laws, regulations and PMPC policies.

PROCEDURE

1. New governing board members and employees. Newly elected director shall undergo an eight (8) hour seminar on primer on Corporate Governance and four (4) hours thereafter annually on relevant governance updates based on the recommendation of SEC. All new PMPC personnel (including employees and contracted personnel), as part of an initial orientation, will receive training appropriate to the person's position and responsibilities concerning the Compliance Program. The training will include:

- i. PMPC's commitment to compliance and high standards of ethical, professional and business conduct.
- ii. An overview of the Compliance Program.
- iii. A copy of the COMPLIANCE PROGRAM: General Standards of Conduct Policy.
- iv. Instructions on how to receive answers to questions concerning the Compliance Program or compliance issues.
- v. Instructions on how to report suspected violations of laws, regulations, and PMPC policies, and an explanation that persons will not be subject to retaliation for making such reports.
- vi. Potential sanctions for violation of the Compliance Program, including the failure to report suspected violations.
- vii. An opportunity to ask questions and receive answers.
- viii. The person will sign a form verifying that they have received training concerning the Compliance Program and describing the training received.

2. Periodic training. PMPC personnel will receive periodic or updated training concerning the Compliance Program appropriate to the person's position and responsibilities. Such training shall occur as often as appropriate, but at least once every two years or as needed.

- a. The training will include:
 - i. The basic subjects covered in the initial orientation.
 - ii. Changes in relevant laws, regulations, or program requirements.

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- iii. Changes in relevant portions of the Compliance Program or relevant policies or procedures.
- iv. As appropriate and to the extent that disclosure would not jeopardize an applicable privilege, a discussion of compliance issues or problems discovered by PMPC since the last training relevant to the employee's position and responsibilities.
- v. An opportunity to ask questions and receive answers.

- b. The Compliance Committee shall determine the frequency of the formal compliance training programs for PMPC personnel as appropriate to PMPC's needs, which training may vary by department but should be conducted at least annually. Notwithstanding the foregoing, compliance education should be an ongoing process and compliance issues should be a regular part of department meetings.
- c. Persons who have received compliance education or training will sign a form verifying that they have received training. In addition, as part of formal compliance programs, employees will be asked to confirm that they have disclosed all suspected violations, if any, of laws, regulations, program requirements and PMPC policies pursuant to their obligations under the COMPLIANCE PROGRAM: Communication About Compliance Issues Policy.

3. Additional training for certain departments. PMPC officers, managers, employees, or contractors shall receive additional specialized training appropriate for their position and responsibilities.

4. Compliance Officer. The Compliance Officer shall, with the assistance of the Compliance Committee and relevant department leaders:

- a. Stay current on laws, rules and regulations, and advisories relevant to compliance issues, including "fraud alerts".
- b. Notify appropriate PMPC personnel of relevant changes in laws, regulations or program requirements that affect compliance. The Compliance Officer may request a report from the department leader as to whether the behavior detailed in the alert is likely to be of concern to the PMPC.
- c. Work with Human Resources and other PMPC leaders to develop periodic training sessions as necessary and appropriate to employees' positions and responsibilities.

5. Human Resources. The head of Human Resource or their designee will:

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COMPLIANCE PROGRAM: Communication About Compliance Issues

POLICY

PMPC shall maintain an open line of communication between PMPC personnel and the Compliance Officer or other appropriate representative to ensure successful implementation of the Compliance Program and reduce any potential for fraud, abuse and conflict of interest. No person shall be subject to any retribution or disciplinary action for good faith reporting under this program, even if allegations are found to be groundless.

PROCEDURE:

1. **Questions.** PMPC personnel may seek clarification from the Compliance Officer, or members of the Compliance Committee, if they have questions with regard to an applicable law, regulation, or PMPC policy and procedure. Significant questions and responses should be documented and dated and, if appropriate, shared with other PMPC personnel so that standards, policies and procedures can be updated and improved to reflect necessary changes or clarifications.

2. **Reporting suspected violations.** PMPC personnel are required to report suspected violations of the Compliance Program or any law, rules and regulations relevant to the Compliance Program. The reports must be made as soon as reasonably possible to ensure that PMPC complies with appropriate deadlines for responding to suspected compliance concerns. PMPC personnel may choose any of the following reporting options:
 - a. **Report to team leader, group head or member of the Compliance Committee.**
PMPC personnel may report concerns about a compliance issue directly to their team leader and or group head, the Compliance Officer, the Chief Compliance Officer, or other member of the Compliance Committee. If the person making the report has reason to believe that their legitimate concerns are not being addressed, they shall bring their concerns directly to the Compliance Officer, Chief Compliance Officer, another member of the Compliance Committee, Internal Audit or a member of the Governing Board.
 - b. **Receipt of report.** Persons receiving a complaint shall forward the report directly to the Compliance Officer. Such persons are not to initiate any investigation nor discuss the concern with any person other than the Compliance Officer unless directed by the Compliance Officer. Complaints forwarded in this manner will be processed by the

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Compliance Officer as set forth in the COMPLIANCE PROGRAM: Investigation and Response Policy.

- c. **Compliance lock box.** The Compliance Officer may make available one or more locked boxes for depositing anonymous reports of suspected compliance violations. PMPC personnel who wish to remain anonymous may deposit their report into the box.
 - d. **Response by Compliance Officer.** Upon receiving a compliance complaint, the Compliance Officer shall investigate and respond as detailed in the COMPLIANCE PROGRAM: Investigation and Response Policy.
3. **Preserving confidentiality.** Where known, PMPC will strive to keep the identity of PMPC personnel who make a report confidential; however, PMPC cannot guarantee that the information will remain confidential, e.g., if government entities become involved.
 4. **Non-retaliation.** No person will be subject to any retribution or disciplinary action by PMPC for good faith reporting under this program, even if allegations made in good faith are found to be groundless. Persons who engage in retaliatory conduct in violation of this policy shall be subject to discipline.
 5. **Documentation.** The Compliance Officer or their designee will log, investigate, and file every complaint or report received. Records of complaints and investigations will be maintained for seven (7) years after the investigation is closed. At the end of the seven-year period all files will be destroyed by shredding, burning or some other method in keeping with their confidential nature, provided that the records shall not be destroyed if there is reason to suspect that the documents may be subject to an ongoing or future investigation.
 6. **Reports.** The Compliance Officer shall report significant or verified complaints of suspected violations to the Compliance Committee, Chief Compliance Officer, and/or Governing Board (Audit Committee) as appropriate. All persons receiving such reports shall maintain their confidentiality to the extent consistent with applicable laws, regulations, and PMPC policies.
 7. **Privileges.** All such reports or the subsequent investigation and resolution may be privileged from disclosure to certain entities. PMPC does not waive and specifically

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reserves the right to assert appropriate privileges, including but not limited to the work-product and peer review privileges.

8. **Fraud alerts.** If the Compliance Officer receives a Fraud Alert, or other publication from government entity or regulatory agencies that may implicate PMPC, the Compliance Officer shall immediately investigate.
 - a. The Compliance Officer may send the Fraud Alert or other publication to the appropriate department for review and comment on PMPC's compliance.
 - b. In cases where a Fraud Alert or other publication does uncover potential compliance issues at PMPC, the Compliance Officer and appropriate department leaders will take immediate steps to correct the situation. In addition, the Compliance Officer will make a report to the Chief Compliance Officer and/or Governing Board as appropriate detailing:
 - i. the findings of the Compliance Officer or department leader;
 - ii. the corrective action taken; and
 - iii. the monitoring activities established to ensure ongoing compliance.
 - c. In cases where a Fraud Alert or other investigation uncovers evidence of an actual violation of civil or criminal law or the rules and regulations, the Compliance Officer will inform the Chief Compliance Officer, who may contact legal counsel and, if appropriate, the appropriate government authority.

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COMPLIANCE PROGRAM: Auditing and Monitoring

POLICY

PMPC will implement a self-assessment program to monitor and evaluate the compliance program. Evidence of ongoing monitoring will be maintained by the Compliance Officer and periodic reports will be given to the Chief Compliance Officer and the Board.

PROCEDURE

1. Department Responsibilities. The Compliance Officer and Compliance Committee shall ensure that each PMPC department with responsibilities that implicate compliance issues establishes an appropriate policy and process for monitoring ongoing compliance. The policy and processes may vary according to the department's needs and compliance risks.

2. Methods. The Compliance Officer and Compliance Committee shall work with the department to identify the appropriate monitoring and auditing processes, which may include the following as appropriate to the department:

- a. Periodic review of departmental or actions relevant to compliance issues.
- b. Receipt of and response to compliance questions, concerns, or complaints.
- c. Review of government survey or inspection results.
- d. Review of new government guidance or directions.
- e. Interviews of employees concerning possible or potential compliance issues, including exit interviews of employees who leave PMPC employment.
- f. Discussion of compliance issues in regularly scheduled department meetings.
- g. Confirmation that department employees have been properly trained concerning compliance issues relevant to their job duties.
- h. Review of recent pronouncement of laws, rules and regulations.
- i. As authorized by the Compliance Officer, formal auditing by an internal audit or external professional of compliance-related issues.

3. Frequency. The frequency and extent of the monitoring shall depend on the needs and potential for compliance violations in the department.

4. Reports. At least once each year, each department with responsibilities that implicate potential compliance concerns shall prepare and submit an appropriate confidential report to the Compliance Officer summarizing the department's monitoring activities during the preceding year. The report shall include, e.g.:

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- a. A brief description of the department's ongoing monitoring activities and the results of such monitoring.
- b. A brief description of any compliance issues or concerns that were identified, and the resolution of those concerns.
- c. A brief description of training provided concerning compliance issues or concerns.
- d. Any other items relevant to the Compliance Officer's duties.

5. Internal and External Audits. The Compliance Officer, with Chief Compliance Officer approval, may at any time, direct that an internal or external audit of any department be conducted by qualified PMPC personnel or an outside contractor. Internal audit may be appropriate where, e.g., internal reviews or complaints raise the possibility of a significant compliance issue; new guidance has been received from regulators; it is necessary to establish a baseline to confirm compliance or provide training; or simply to confirm ongoing compliance in departments which face significant compliance issues. If an audit is employed, it may follow this protocol:

- a. The Compliance Officer, with the assistance of the Compliance Committee, determines the need for and scope of the audit.
- b. The Compliance Officer, with the assistance of the Compliance Committee, will develop a checklist of particular items and records to be audited.
- c. The Compliance Officer or a member of the Compliance Committee may meet with department leaders to discuss the need for and scope of the audit.
- d. The chosen auditor is assigned tasks by the Compliance Officer or member of the Compliance Committee.
- e. The auditor meets with the department leader to conduct the audit with the assistance of the department leader.
- f. The auditor may elect to share preliminary findings with the Compliance Officer, assigned representatives of the Compliance Committee, and/or department leader.
- g. The auditor prepares and presents to the Compliance Officer a report with appropriate examples of substantiating material.
- h. The Compliance Officer and auditor meet with department leaders to review and discuss the report. The department leader may be given an opportunity to respond to the report.

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- i. The Compliance Officer will present the report and relevant information to the Chief Compliance Officer and, as appropriate, the Compliance Committee and Governing Board.

6. Violations of law. In cases where department monitoring, reviews or audits reveal evidence of an actual violation of civil or criminal law or the rules and regulations of government, the department leader shall immediately notify the Compliance Officer. If the Compliance Officer determines that the concern is valid, the Compliance Officer will immediately notify the Chief Compliance Officer, who may consult with legal counsel. The Board will be apprised of findings and actions taken.

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**COMPLIANCE PROGRAM: Investigation and Response
POLICY**

The Compliance Officer or their designee will direct investigations concerning alleged compliance problems and report relevant findings. The fact that a complaint was filed does not necessarily establish wrongdoing, but does serve as an opportunity to evaluate the compliance program and make any appropriate changes.

PROCEDURE

1. **Record.** Upon receiving notice of a potential compliance problem, the Compliance Officer shall create a record as referenced in the COMPLIANCE PROGRAM: Compliance Officer Responsibilities Policy. The record shall contain the following information:
 - a. the date received;
 - b. the manner in which the report was received (e.g., by anonymous report);
 - c. a brief statement of the facts alleged;
 - d. notes detailing and documenting a timely investigation and response; and
 - e. action taken and the date the action was taken.

2. **Investigation.** The Compliance Officer, or an appropriate designee, shall promptly investigate the issue. Among other appropriate actions, the Compliance Officer or their designee may, as the circumstances warrant:
 - a. Review documents to determine whether there are systemic or clerical errors.
 - b. Review relevant laws, rules and regulations violated to determine appropriate remedy.
 - c. Review relevant policies and procedures relating to the compliance problem to determine the extent of the problem.
 - d. Review documentation and witnesses to determine if there was intentional wrongdoing as evidenced by intentionally erroneous policies; altered records; etc.

3. **Report.** Upon completion of the investigation, the Compliance Officer or their designee will prepare a final report summarizing the investigation and recommended actions to be taken, if any. Additional actions may include, but are not necessarily limited to, providing additional training; modifying or correcting procedures; or disciplining employees.

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4. Errors resulting in noncompliance. If the investigation discloses unintentional errors or mistakes by PMPC personnel, the Compliance Officer shall report the conclusions to the Chief Compliance Officer and, as appropriate, the Compliance Committee and/or Governing Board. Errors shall be immediately rectified to ensure it will never happen again. The necessary internal controls that should be in place must also be considered in addressing the error.

5. Violations of law. If the investigation discloses what appear to be violations of applicable civil or criminal laws, the Compliance Officer shall immediately report the facts to the Chief Compliance Officer. Legal counsel may be contacted to determine appropriate legal remedy or other courses of action to address the violation. The Audit and/or Corporate Governance Committee may be convened if the violation of the law is significant.

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Policy Prepared by:



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Internal Auditor

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Date of Signing: 9/14/2018