

Davao Doctors Hospital

Code of Ethics and Conflict of Interests Policy  
for Members of the Board of Directors

The Board of Directors of Davao Doctors Hospital has adopted this Code of Ethics. Each member of the Board is expected to abide this Code.

This Code is intended:

- a. to focus each Director on his/her duties and responsibilities as a director of a large, publicly held corporation.
- b. to assist the Directors in the recognition of, and resolution of, ethical issues;
- c. to provide the Directors with a reporting process for unethical conduct; and
- d. to further promote a culture of honesty, accountability and integrity.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles. A guiding principle for each Director is that a Director (a) should exhibit the highest standards of business and professional integrity and (b) should avoid even the appearance of improper behavior.

A Director is encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Nominating/Corporate Governance Committee, the Chief Executive Officer, the Corporate Secretary, as the Director deems appropriate.

A Director who also serves as an officer of the corporation must follow this Code in addition to the Corporation's Code of Conduct as contained with the Business Ethics Program.

A. Conflict of Interests.

1. Board members have a paramount interest in promoting and preserving the interests of the stockholders of DDH. Directors should avoid any conflict of interest between themselves and the Corporation. Any situation that involves, or may be perceived as involving, a conflict between a Director's personal interests and the interests of the Corporation should be disclosed to the Committee Chairman. In addition, Directors must disclose information regarding their financial interests in organizations that do business with the Corporation.
2. Once a Director has disclosed a conflict or potential conflict of interest, that Director will refrain from voting on any issue before the Board that creates the conflict or potential conflict of interest.

3. A Director will not knowingly engage in any conduct or activity that is inconsistent with, or disruptive of, the Corporation's best interests or its relationship with any person or entity.
4. A Director, or any member of his or her immediate family should not accept a substantial gift from third party where the gift is given in order to influence the Director's actions as a member of the Board. Such a gift should likewise be declined when its acceptance would give the appearance of a conflict of interest.
5. Directors should not accept compensation for services performed for or on behalf of the Corporation from any source other than DDH.

B. Corporate Opportunities.

Directors may not: (a) take for their advantage, business opportunities that are substantially related to the Corporation's business; or, (b) compete with the Corporation for business opportunities that are substantially related to the Corporation's business; *provided, however*, if the disinterested Directors determine that the Corporation will not pursue such a opportunity, the Director is free to take advantage of, or otherwise compete for, such opportunity.

C. Confidentiality.

Directors should maintain the confidentiality of information entrusted to them by the Corporation and any other confidential information about the Corporation that comes to them in their capacity as a Director, except when disclosure is authorized by the Corporation or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the corporation.

D. Compliance with Laws, Rules and Regulations.

Directors shall comply with all laws, rules and regulations applicable to the Corporation.

E. Encouraging the Reporting of Any Illegal or Unethical Behavior.

Directors will ensure the Corporation adopts policies and procedures that are designed to:

- a. encourage employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation.
- b. encourage employees to report violations of laws, rules, regulations or the Corporation's Code of Conduct to appropriate personnel.



- c. make clear to employees that the Corporation will not allow retaliation for reports that are made in good faith.

F. Compliance Procedures

Directors should communicate any suspected violations of this Code promptly to the Committee Chairman. Suspected violations will be investigated by the Board or its designees and appropriate action will be taken in the event it is determined that a violation has occurred.

G. Fair Dealing

Director will make every reasonable effort to deal fairly with the Corporation's customers, suppliers, customers and employees. No Director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair - dealing practice.

H. Protection and Proper Use of the Corporation's Assets.

Director may not use the Corporation's assets, labor or information for personal use, unless such use is approved by the Committee Chairman or is part of a compensation or expense reimbursement available to all of the Directors.

I. Annual Review/Waiver.

The Board of Directors will review and re-assess the adequacy of the Code annually and make any amendments to it as the Board deems appropriate.

Only the Board of Directors may approve any waiver of the Code with respect to any Director. Such a waiver must be promptly disclosed to the Company's shareholders.

ADAPTED BY THE DDH BOARD OF DIRECTORS  
ON MARCH 25, 2006:

  
HONORIO S. HILARIO, SR., M.D.  
Chair

  
DANIEL C. DELA PAZ, M.D.  
Corporate Secretary

(Adapted: AMR Corporation)

**Conflict of Interest Disclosure Statement:**

(Provide an explanation for Yes answers in the space provided.)

1. Are you or is any member of your immediate family affiliated with a business that supplies property, goods or services to DDH or engaged in any business that is competitive with DDH and its sister companies?

Yes  No


2. Do you or any member of your immediate family have a direct or indirect interest in a business that supplies property, goods or services to DDH or is in competition with DDH?

Yes  No


3. If you answered "Yes" to Questions 1 and/or 2 above, in the past 12 months have you made a business decision on behalf of DDH with any business, named in the responses to those questions?

Yes  No


4. In the past 12 months, have you received any compensation, loan, gift, benefit or unusual hospitality from any supplier to DDH?

Yes  No


5. Do you have any other business or personal relationships, not covered in your answers to Questions 1 through 4 above that could appear to be a conflict of interest?

Yes  No




A Checklist for the Compensation and Remuneration Committee

	5	4	3	2	1	0
	Excellent	Good	Very Satisfactory	Satisfactory	Lacking	Not Observed
1. The Compensation and Remuneration Committee meets on it's regular schedule.						
2. The Committee has established a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors.						
3. The Committee provides an oversight over the remuneration of senior management and other key personnel ensuring that compensation is consistent with the corporaion's culture, strategy and control environment.						
4. Committee meetings are productive						
5. The Committee disallows any director to decide his or her own remuneration.						
6. It provides in the corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuring year.						
7. It reviews the existing human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met intheir respective posts.						