

WHISTLEBLOWER POLICY

I. Policy Statement

The Bank, in its commitment to adhere to the highest standards of ethical, moral and legal conduct in the operation of its business, shall instill among its employees a “speak up culture”. It puts in place a mechanism for reporting displayed behavior that is contrary to the Bank’s office decorum and demeanor as provided for under the Bank’s policies and code of conduct. Any report shall be handled with the highest level of confidentiality and free from fear of retaliation, reprisal, threat, bullying or intimidation.

This policy embodies the provisions that will address the following objectives that will ensure the effective implementation of the Policy:

- To protect the Bank from damages to its assets, reputation, finances and people and mitigate risks and losses through the early discovery and proper reporting of suspected or actual wrongdoings.
- To instill in the minds of all employees the “tone from the top” in the implementation of the policy by diligently promoting, observing and embedding the "Speak Up" culture.
- To increase the level of confidence and awareness among employees by instituting a clear and confidential reporting system that will encourage them to report suspected or actual wrongdoings;
- To promptly act on reported incidents by conducting a timely, proper and thorough investigation and to resolve and take appropriate corrective actions for reported acts of wrongdoing;
- To protect all reporting employees from any form of retaliatory acts; and
- To protect all Philnabankers from baseless and malicious reporting.

II. Coverage

This policy applies to the Bank’s directors, regular, permanent and probationary officers and rank and file employees in the head office, domestic branches/subsidiaries, and, if applicable depending on the host country rules, all regular, probationary, temporary officers and rank and file employees in overseas branches/offices and foreign subsidiaries.

III. Definition of Terms:

1. Whistleblowing

This involves the act of reporting verifiable complaints and incidents, by individuals, who, in good faith, reasonably believe that a director, officer, or rank and file employee violated the Bank’s policies and code of conduct.

2. Whistleblower

A whistleblower is a director, officer, rank and file employee of the Bank or a third – party (customers, suppliers, and all stakeholders) who discloses in good faith any infraction of the Bank’s policies or code of conduct.

3. Witness

He / she is a director, officer and /or rank and file employee or a third - party (customer, suppliers, and all stakeholders), other than a whistleblower who has personal knowledge of the violation committed and is willing to participate or cooperate in the investigations or proceedings pertaining to a complaint.

4. Complaint/Report

This refers to the disclosure or allegation of violation of the Bank’s code of conduct and its existing policies and procedures through any of the available reporting channels.

5. Person/s – complained – of

He / she is a director, officer or rank and file employee of the Bank who is the subject of a complaint.

6. Ethical Standards Committee

It is a committee tasked to investigate, deliberate and decide on complaints/reports related to violations of the Bank’s policies and code of conduct.

7. Reportable Incidents

Reportable incidents shall refer to –

- a. Infractions of and deviations from the Bank’s Code of Conduct, policies and procedures. Some examples are abuse of authority, bribery, destruction / manipulation of records, fixing, malversation, misappropriation of assets, commission of theft, commission of fraud, noncompliance of legal and regulatory requirements and/or policies; misrepresentation of or any questionable audit, accounting and financial matters, inaccurate recording of attendance, playing games during office hours, non-wearing of appropriate office attire, disrespectful behavior, etc. Violation of banking laws, rules and regulations, including the Securities Regulation Code, as amended and other applicable laws and regulations.
- b. Any attempt to obscure any of the violations mentioned herein including possible adverse consequences thereof.
- c. Any act of retaliation (as defined herein) or by mere possession of information on the reportable incidents mentioned herein; and

- d. Other irregularities or practices which the Bank may, in its discretion, consider that may cause damage to its interest and/or operations, as communicated to the employees.

Incidents / Cases are categorized as – (i) Verifiable or (ii) Non-Verifiable; (i) Financial and (ii) Non-Financial; and classified in accordance with the Bank's Code of Conduct as – (i) Minor Offense, (ii) Less Serious Offense, and (iii) Serious Offense.

8. Harassment / Retaliation and/or Adverse Personnel Action

This refers to an employment- related act of retribution or decision or a failure to take appropriate action by managerial personnel which may affect the whistleblower's employment, including but not limited to:

- a. Incident of public humiliation;
- b. Receiving unwarranted criticism or avoidance/hostile treatment by co-workers/superior;
- c. Receiving threats or any form of violence inside or outside the Bank;
- d. Discharge from the service; and/or
- e. Other analogous cases

9. Bank

Bank means, the "Philippine National Bank" that covers its Head Office, domestic branches/offices and overseas branches and subsidiaries.

10. Good Faith

The whistleblower shall be deemed to be divulging information in "good faith" if there is a reasonable basis for disclosing of unethical and improper practices or any other misconduct.

IV. Reporting Channels

Any whistleblower who has personal knowledge of a wrongful act as provided for under items 7 and 8, Section III, committed by a director, officer or rank and file employee of the Bank, or otherwise has strong and valid reasons for believing that a wrongful act or incident has been committed or occurred can immediately report the alleged suspected or actual event or violation with details through any of the following reporting channels:

- a. Call or text to the Whistleblower hotline to be managed by the ESC secretariat* (0917-708-8902)
- b. Electronic mail to be managed by the ESC secretariat* (whistleblowercomplaints@pnb.com.ph)

- c. A verbal report to any of the members of the ESC, President/CEO, Chief Compliance Officer (CCO), Chief Audit Executive (CAE) or Chief Legal Counsel (CLC)**
- d. Submission of a signed or unsigned statement using the "Disclosure of Violation/ Complaint Form"* to the ESC secretariat, any member of the ESC, Office of the President/CEO, CCO, CAE or CLC. A copy of the form is hereby attached as Annex A***.

* *The whistleblower can report anonymously*

** *The whistleblower can request not to disclose his/her identity to anyone, including other members of the ESC or even the unit that will do the investigation.*

*** *The form includes a "non-disclosure" provision as part of the responsibility of the whistleblower to preserve the confidentiality of the report.*

- e. **A written or verbal report directly to the President for cases involving suspected or ongoing fraudulent activities involving financial transactions such as cash abstractions/unauthorized fund transfers/unauthorized withdrawals.**

V. Investigating Body

1. In general, all reported incidents shall be acknowledged and acted upon by the ESC Secretariat, and investigated by the ESC for deliberation and decision, consistent with the jurisdiction of the committee.
2. If necessary, as requested by the ESC, the Corporate Security Group (CSG), Internal Audit Group (IAG) and/or Legal Group shall conduct an investigation to corroborate the reported incident.
3. In sensitive/special cases, reported incidents may be filed to and investigated by the Office of the President/CEO, CCO, CAE or CLC.

VI. Handling, Processing, Monitoring of Reports

1. All complaints/reports received, shall be immediately acknowledged through the whistleblower's duly identified means of communication, if applicable. The acknowledgement shall be made within three (3) banking days from date of receipt of the complaint/report.
2. In general, the complaint/report shall be submitted to the ESC secretariat who shall be responsible for its initial assessment and shall be tabled for discussion in the following ESC meeting. All complaints/reports shall be assigned with a control number for monitoring purposes and recorded in the central data base. The data base shall contain at least the following information:
 - Assigned control number
 - Date report was received
 - Brief description

- Status
- Action taken

The database shall contain all reports received whether it is valid or invalid and regardless of category. Only authorized persons shall be allowed access to the data base and documents relating to the whistleblower complaint/report.

3. For highly sensitive/special cases, the complaint/report may be submitted to the Office of the President/CEO, CCO, CAE or CLC who shall be responsible for its initial assessment.
4. It shall be the responsibility of the concerned receiving office/officer (Office of the President/CEO, CCO, CAE or CLC) to maintain their own database and properly safekeep all documents relating to the whistleblower complaint/report.
5. All complaints/reports must, at least, have the following details:
 - a. Identity and full name of the whistleblower (optional only, for anonymity purposes)
 - b. Details of the employee/s being reported/ complained - of, for verification purposes (i.e. full name, position, rank or current station).
 - c. Approximate details or description of the alleged deviation or violation (e.g. the event/ concern or issue; person/s involved; date, time and place of each event; etc.); and
 - d. Proof/ evidence/ any supporting documents or affidavits of witnesses, if any or available, to support the complaint or concern and which can help in determining the reasonable ground for the alleged deviations or infractions to prosper.

To ensure the confidentiality of the identity of the whistleblower, the reported incident shall be coded using the control number.

6. If the whistleblower is not willing to be identified, the Bank, to guard against any baseless, malicious and unfounded whistleblowing reports, shall conduct an independent investigation only if the reported case can be verified through bank records, CCTV footages or can be corroborated by other employees, etc.

However, if the reported incident is not verifiable, the case shall be considered closed but shall still be included in the database.

7. For verbal report to any of the members of the ESC, President/CEO, CCO, CAE or CLC, the whistleblower shall be requested to accomplish the "Disclosure of Violation/ Complaint Form" within ten (10) banking days. However, if the whistleblower is not willing to accomplish the form and the reported infraction/deviation is verifiable, the Bank shall proceed with the investigation.
8. All reported complaint/report warrants a feedback, whether the reported incident will be further investigated or not and the reason/s for such shall be provided.

9. The whistleblower shall be regularly be apprised of the status of his/her complaint/report. An initial status update shall be provided to the whistleblower within seven (7) banking days from the time the complaint/report was acknowledged. The whistleblower should know by this time if the reported complaint/report warrants further investigation.
10. The withdrawal by the whistleblower of the complaint shall not preclude the designated investigating office from proceeding with the investigation of the case if warranted by the evidence of documents presented and the seriousness of the wrongful acts as determined during the investigation.

VII. Investigation and Escalation Procedures:

Should the reported complaint or report warrant further investigation, the following shall be observed:

1. The ESC shall take up the matter as follows:
 - 1.1. If the report involves a member of the Board of Directors
 - a. The ESC, through its chairperson, shall submit and endorse the report to the Board Audit and Compliance Committee (BACC) for investigation and proper disposition.
 - b. If the director being reported is a member of the BACC, the report shall be made to the other members of the BACC or directly to the Board.
 - 1.2. If the complaint/report involves an officer or rank and file employee
 - a. The ESC, based on its initial evaluation of the reported incident, may request the Internal Audit Group (IAG), Corporate Security Group (CSG), and/or Legal Group to conduct an independent investigation.
 - b. Upon receipt of the report from IAG, CSG and/or the Legal Group, the ESC shall proceed with its investigation following the procedures in this policy.
2. The ESC shall -
 - a. Submit a report to the BACC and shall also provide a copy of the report to IAG, CSG and/or Legal, if any; and
 - b. Provide final update to the whistleblower.
3. ESC shall provide status report to BACC on quarterly basis. The report shall contain the summary of the received complaints/reports as of the reference quarter indicating at the minimum the following information:
 - Total number of complaints/reports per month (including invalid complaints);
 - Current status/updates of each complaint/report

- Overall resolution rate of complaints reported
 - Category of the complaint/report
4. The escalation of reported incidents directly handled by the Office of the President/CEO, CCO, CAE or CLC will be handled depending on its sensitivity, underlying circumstances, and/or person-complained of/subject of the investigation, under applicable rules and procedures in this policy.

VIII. Confidentiality and Protection of Whistleblower

1. To encourage reporting of wrongdoings/deviations, all reports will be kept confidential. The whistleblower or complainant is entitled to absolute confidentiality, during and after a disclosure, and throughout and after any proceeding taken thereafter concerning the following:
- personal identity of the whistleblower;
 - the subject matter of the disclosure; and
 - the person to whom such disclosure was made
2. To ensure anonymity, the person to whom a disclosure has been made or referred to, including the ESC secretariat and its members, President/CEO, CCO, CAE or CLC, and even the directors shall not divulge and shall not be compelled to reveal or disclose any information that may identify or tend to identify a whistleblower or complainant, or disclose the subject matter of such report or complaint and vice-versa, except under the following conditions:
- The whistleblower or the complainant consents in writing prior to a disclosure of an information;
 - Needed for investigation or compelled by law, during the conduct of legal proceedings.

In the absence of the above, the whistleblower shall refrain from discussing any fact or information related to the report/complaint with anyone, except the ESC Secretariat and/or any of the members of the ESC, Office of the President/CEO, CCO, CAE or CLC. The Bank shall not, in any way, be held liable for any adverse consequences for the failure on the part of the whistleblower to comply with or observe this prohibition.

3. The act of whistleblowing does not free the whistleblower from responsibility, when in the course of the investigation, is himself found to be involved in the disclosed deviations or infractions. In meritorious cases, whistleblowing may be considered a mitigating factor when deciding on the disciplinary or legal actions that may be imposed against the wrongdoers.
4. Any employee who testifies in any proceeding arising from the whistleblowing shall be accorded with the same protection as the whistleblower.

5. The violation of the confidentiality provisions shall be considered a serious disciplinary offense, which will be dealt with under the Bank's code of conduct.

IX. Anti-Retaliatory Provisions

No whistleblower who, in good faith, reports a wrongful act will suffer harassment, retaliation or bullying. The harassment or victimization in whatever form or manner of the whistleblower will be treated as a serious disciplinary offense, which will be dealt with under the Bank's code of conduct.

1. Anyone who retaliates against the whistleblower shall be subject to disciplinary action, including the possibility of termination or dismissal from the service.

2. Reporting Process and Administrative Procedure

- a. Any act of harassment, bullying or adverse personnel action experienced by the whistleblower may be reported to ESC Secretariat and/or any of the members ESC, Office of the President/CEO, CCO, CAE or CLC, via a verbal or written report.

All employees are encouraged to report witnessed acts of retaliation/bullying. This may be reported following the provisions of the whistleblower policy.

- b. The ESC shall acknowledge receipt of the report.
 - If the concerned individual is a member of the Board of Directors, the ESC shall refer the same to the BACC for investigation and deliberation. If the director being reported is a member of the BACC, the report shall be made to the other members of the BACC or directly to the Board.
 - If the concerned individual is an officer or a rank and file employee, the ESC shall proceed with the evaluation and deliberation in accordance with the Bank's Code of Conduct and subsequently be reported to the BACC and the Board of Directors
- c. The ESC may request IAG, CSG and/or the Legal Group to conduct further investigation, if necessary.
- d. Upon completion of the investigation, the ESC, Office of the President/CEO, CCO, CAE or CLC, shall provide an update to the concerned employee and render a full report to the BACC and/or the Board of Directors.

X. Incentives for Reporting an Internal Fraud

1. **It is the employee's moral obligation to protect the Bank from possible financial losses by reporting suspected or ongoing fraudulent acts against the Bank and its stakeholders. Nonetheless, the Bank, as its way of recognizing/appreciating the employee's display of concern for its welfare, shall grant incentives to whistleblowers who provide credible information leading to the uncovering of cases of internal fraud specifically, those involving deliberate omissions or acts**

that are characterized by deception for monetary gain such as cash abstractions/unauthorized fund transfers/unauthorized withdrawals.

2. To ensure the anonymity of the whistleblower, he/she shall report the acts of financial fraud directly to the PNB President either verbally or in writing or e-mail. Thereafter, the President, without disclosing the identity of the whistleblower, shall direct the appropriate Offices (e.g. Internal Audit Group, Branch Banking Group, etc..) to verify the report and initiate the investigation, if warranted.

The identity of the whistleblower shall remain anonymous throughout the investigation unless he/she agrees to disclose the same.

3. Appropriate monetary or alternative incentive shall be granted to the whistleblower once the existence of fraud is validated by the Internal Audit Group. The President, the Head of Human Resource Group (HRG), a designated member of the Board of Directors, and a designated Board Advisor will render a decision on the appropriate reward to be given as an incentive to the whistleblower.
4. The following employees shall not qualify for the whistleblower incentive due to the nature of their functional role:
 - a. Employees assigned in the following offices/committees which are directly responsible for the prevention and detection of fraud:
 - Corporate Security Group
 - Enterprise Information Security Group
 - Global Compliance Group
 - Human Resource Group
 - Internal Audit Group
 - Risk Management Group
 - Ethical Standards Committee including its Secretariat
 - b. Employees who are directly responsible for supervising the wrongdoer/fraudster
 - Immediate Officer of the wrongdoer/fraudster
 - Immediate Head of Office of the wrongdoer/fraudster
 - Branch Officers (unless recommended by the President upon evaluation of the report of the Internal Audit Group)
 - c. Senior Officers (i.e. officers with the rank of Vice President and above)
 - d. Employees providing additional/new information to a fraud case with ongoing investigation

XI. Policy Awareness

The Bank shall ensure that all employees are aware of this Policy by:

- a. Dissemination of this policy to all its covered directors, officers and rank and file employees. The same shall form part of the onboarding process (e.g. orientation for new hires and onboarding in the Human Capital Management System (HCMS).
- b. Posting of this policy in the Bank's website/ Cybermag as ready reference for all employees.
- c. Inclusion of the discussion of this policy during officership training program, branch/office huddles, and the like. This is with emphasis on encouraging every employee to diligently observe the practice of escalation, to speak up and to feel safe about speaking up.
- d. Periodic issuances and dissemination of bulletin notices, frequently asked questions and infographics.
- e. Issuance of a whistleblower wallet card to all Philnabankers. The wallet card shall contain the hotline number, email address and a short reminder on the responsibility to report any known reportable incident, etc.
- f. To continuously educate Philnabankers, a training (via class room or e-learning) shall be conducted at least once a year. Priority shall be given to those with whistleblowing responsibilities, such as heads or designated contacts, so they are able to provide guidance confidently to employees or concerned persons.
- g. The Board of Directors shall support the speak up culture and encourage an open communications policy.
- h. The President/CEO shall regularly discuss whistleblowing initiatives/reminders during senior management talks and visits to the branches and offices of the Bank.

XII. Responsibilities

1. Directors / Officers / Rank and File Employees

It is the responsibility of all directors, officers and rank and file employees to report suspected or actual occurrence of misconduct / unethical and improper practices / retaliatory behavior as provided herein regardless of the nature of the offense and /or their relationship with the alleged offender, whether the offender is a superior, colleague or subordinate.

2. BACC and/or Board shall –

- a. evaluate and investigate any whistleblower and/or retaliatory cases involving any member of the Board of Directors;
- b. oversee the independent review of the effectiveness of the bank's Whistle Blower policy.

3. The ESC Secretariat shall -

- a. receive reports and conduct preliminary assessment and evaluation prior to endorsement to the ESC;
- b. acknowledge receipt of reports and provide update upon completion of the investigation;
- c. report whistleblower and retaliatory cases and its final resolution to the BACC and the Board of Directors.

4. Ethical Standards Committee shall -

- a. authorize the IAG, CSG, and/or Legal Group to conduct investigation on reported incidents;
- b. investigate, deliberate and resolve whistleblower and retaliatory cases.

5. President/Chief Executive Officer shall –

- a. regularly discuss whistleblowing initiatives/reminders during senior management talks and visits to the branches and offices of the Bank;
- b. for sensitive/special cases,
 - (i) acknowledge receipt of the report from the whistleblower;
 - (ii) send the report to the ESC, CCO or CAE or CLC for the conduct of investigation;
 - (iii) endorse the findings of the investigation to the ESC and/or BACC for further deliberation and final resolution;
 - (iv) provide update to the whistleblower upon completion of the investigation.
- c. **receive whistleblower reports on internal fraud and direct concerned offices to validate report and conduct investigation, if warranted, without disclosing the identity of the whistleblower,**
- d. **together with the HRG Head, a designated member of the Board of Directors, and a designated Board Advisor shall render a decision as to the granting of a monetary or an alternative incentive on the appropriate reward to be given to the whistleblower.**

6. Chief Compliance Officer shall –

- a. Conduct an investigation on the report sent by the Office of the President/CEO and render a final report to the President;
- b. for sensitive/special cases, acknowledge receipt of the report from the whistleblower and endorse the findings of the investigation to the Office of the President or to the ESC and/or BACC for further handling/deliberation and final resolution.

- c. provide update to the whistleblower upon completion of the investigation.
- 7. Chief Audit Executive shall –
 - a. conduct investigation on reports sent by either the ESC Secretariat or President/CEO and render a final report
 - b. for sensitive/special cases, acknowledge receipt of the report from the whistleblower and endorse the findings of the investigation to the Office of the President or to the ESC and/or BACC for further handling/deliberation and final resolution.
 - c. provide update to the whistleblower upon completion of the investigation.
- 8. Chief Legal Counsel shall –
 - a. conduct investigation on reports endorsed by either the ESC Secretariat or President/CEO and render a final report
 - b. for sensitive/special cases, acknowledge receipt of the report from the whistleblower and endorse the findings of the investigation to the Office of the President or the ESC and/or BACC for further handling/deliberation and final resolution.
 - c. provide update to the whistleblower upon completion of the investigation.
- 9. The Chief Security Officer shall conduct investigation on reports endorsed by the ESC Secretariat and render a report to the ESC.
- 10. Group and Sector Heads shall regularly cascade and ensure the effective implementation of the “Speak Up” culture within their respective group/sector.
- 11. It is the responsibility of all officers to protect the name of the Bank. All officers should be aware and familiar of the wrongdoings that may happen in the office and should immediately act on any sign of violation of the Bank’s policies and code of conduct by gathering evidences that may support such suspicion.
- 12. Management is responsible in the detection and of wrongdoings and deviations and to ensure adherence to the Bank’s policies and procedures. Thus, management should provide full support and cooperation with Internal Audit, Legal, Compliance Office and the ESC, regulators and law enforcement agencies in the detection, investigation and reporting of criminal acts and the prosecution of offenders.
- 13. Line Managers will ensure dissemination of this policy to all employees.

If and when a whistleblower report is submitted to any of these: Group/Sector head, Division head, Department head, Branch head or Unit head or any other officer, it is their responsibility to submit the same to the ESC Secretariat for proper handling and monitoring.

XIII. Miscellaneous Provisions

1. Any employee found to have concealed or withheld information on any violation or misconduct shall be subject to appropriate disciplinary action.
2. Any report which is proven to be malicious with the intent to discredit an individual shall be investigated upon in accordance with the Bank's code of conduct.
3. The Bank shall regularly assess the effectiveness of this policy and, in its sole discretion, may amend or modify the same, in whole or in part, at any time. Amendments, if any, shall be communicated to all employees in various forms and means, as provided under Section X of this policy.
4. The ESC shall report process improvements in the conduct of the investigation of whistleblower and retaliatory cases to the Operations and Procedures Committee and the BACC.

XIV. Effectivity Date

This revised Policy takes effect upon its approval.

Any existing policy inconsistent with this new Whistleblower Policy shall be deemed superseded.

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