

ANNEX A

“WHISTLE – BLOWING” PROGRAM  
AND COMPLAINT POLICY

**A. OVERVIEW / INTRODUCTION**

Under BSP Circular No. 499 dated 25 November 2005, a new paragraph had been added to Subsec. X141.3.c (9)(a) of the Manual of Regulations for Banks that read, as follows:

“The Audit Committee shall establish and maintain mechanisms by which officers and staff may, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.”

As such, the foregoing regulation was incorporated in the Bank’s revised Manual of Corporate Governance for the establishment of effective whistle-blowing procedures by which employees can convey any concerns or suspicions that may arise in the course of performing their jobs.

**B. DEFINITION**

“**WHISTLE-BLOWING**” – the term refers to the process whereby employees are encouraged to report suspected violations, complaints or concerns involving financial disclosure, accounting, internal control, code of conduct and ethics or policies. Whistle-blowing encourages employees to bring unethical or illegal practices to the forefront and addressing them before they become fatal to the organization. Whistle-blowing is a key defense against override of internal controls and thus, can help improve corporate governance.

**C. OBJECTIVES OF AN INTERNAL WHISTLE-BLOWING PROGRAM**

A whistle-blowing program is an important element of internal audit and control. Its main objectives are as follows:

1. To encourage employees to bring suspected malpractices, ethical and legal violations they are aware of to an internal authority.
2. To avoid exposing the Bank to risk or damage that may occur when employees circumvent internal control mechanism or violate certain code of conduct. A

strong whistle-blowing program should be the Bank’s best means of reducing the impact of fraud and serious misconduct.

3. To help promote and develop a culture of openness, accountability and integrity within the Bank. The policy supports and assists staff who have genuine concern to bring it to the attention of people within the Bank who can take the appropriate action.

**D. SCOPE OF THE PROGRAM**

1. The program shall apply to all employees (Officers, R & F) of the Bank.
2. The following concerns and issues shall encompass reporting by concerned employees:
  - 2.1 Fraud, financial malpractice or negligence;
  - 2.2 Failure to comply with a legal or regulatory obligation;
  - 2.3 Criminal offence has been, is being, or is likely to be committed;
  - 2.4 Breach of Bank’s code of conduct or professional ethics that include the following:
    - a. Making false or malicious statements against the Bank;
    - b. Willful destruction of the Bank’s physical assets (including property and equipment);
    - c. Coercion and intimidation of co-employees, clients, and other parties especially if it is to the detriment of the Bank’s interest;
    - d. Gross negligence which has resulted in damage/loss to the Bank (financial loss, loss of public goodwill);
    - e. Any form of dishonesty involving but not limited to money, Bank documents and forms (including forms used during his application with the Bank);
    - f. Engaging in activities (even outside office hours and premise) which could be in direct conflict of interest with one’s function in the Bank such as but is not limited to:
      - f.1 Engaging in business with or in any firm or supplier with whom he deals with in his employment;

- f.2 Receiving commissions from those who have dealings with the Bank;
- f.3 Utilizing the Bank’s human, material or financial resources for his personal gain.
- g. Failure to declare outside business interests or employment;
- h. Unauthorized disclosure of confidential information to persons within or outside the Bank, including violation of R.A. 1405 (Law on Secrecy of Bank Deposits) and R.A. 6426, as amended;
- i. Offering, receiving money or other valuables from co-employees, clients, suppliers and other parties as bribe for one’s own personal gain;
- j. Borrowing money from clients.

**E. POLICIES**

1. A confidential reporting channel/mechanism shall be established wherein whistle-blowers may convey or communicate their concerns and/or complaints. For the Bank, a hotline number shall be assigned and dedicated to the program. A specific person shall be assigned to handle calls from the said hotline.
2. All reports by whistle-blowers shall be treated fairly, properly and confidentially to the greatest extent possible. As such, the process allows for anonymous reporting. If any employee is making an identity disclosure, said employee shall retain his/her anonymity unless he/she agrees otherwise.
3. The whistle-blowing program intends to provide warnings and promote ethical conduct in the Bank. In this manner, the whistle-blower may raise matters of concern or issues that are within the scope of the program enumerated per letter D above.
4. The Bank shall ensure that no employee shall be at risk of suffering some form of retribution as a result of reporting or raising a concern.
5. Employees shall be responsible to raise only genuine concerns, in good faith and without an ulterior motive. The process should not be used to support personal grievances about conditions of employment or disputes.
6. The Audit Committee may create and appoint a committee that would handle the overall responsibility for the implementation and maintenance of the program or it may appoint an existing Management committee to do the job.

**F. PROCEDURES**

**1. WHISTLE-BLOWER**

- 1.1. Calls the hotline number that would be used solely for the program;
- 1.2. Calls could be made anonymously; however, caller may identify his/herself if he/she chooses so.

**2. ASSIGNED RECEIVER OF CALLS**

- 2.1. Records received calls in a logbook containing the following information:
  - Date and Time Received
  - Details of the Calls
  - Identity of the Caller (if applicable)

The logbook should be kept under lock and key and may be accessed only by the person responsible to maintain said logbook. The Chairman of the Committee in-charge of the whistle-blowing program could also request for the logbook when necessary.

**3. THE COMMITTEE**

- 3.1. The Chairman of the Committee calls for a monthly meeting or as often as may be required to review the calls/reports received during the period;
- 3.2. Performs initial assessment as to the validity and authenticity of the calls/reports received;
- 3.3. Liaise/Coordinates with the Investigating Unit to determine the next course of action that may include formal inquiry or conduct of investigation. This may include:
  - Scope and nature of investigation (depending on the nature of the concern/s raised);
  - The procedures to be followed;
  - The level of involvement of other Units e.g. HRC, Legal;
  - Time frame to complete the inquiry/investigation.

**4. INVESTIGATING UNIT**

The investigation shall be handled by the Internal Audit Center, which shall have the following functions/responsibilities:

- 4.1. Ensures that the investigation is carried out in strictest confidence, speedily and sensitively as possible;
- 4.2. Ensures all relevant information is collected;
- 4.3. Prepares a formal report to the Committee following completion of the investigation, with details or recommendation what further action (if any) shall be required, e.g.:
  - No case to file / no further investigation needed;
  - Possible review and amendment of policies;
  - Application of penalty based on the Bank’s Code of Conduct;
  - Need to pursue a case against the employee due to the severity of the offense.

**5. THE COMMITTEE**

- 5.1. Decides on the recommendation/s submitted by the Investigating Unit;
- 5.2. Coordinates with the various units concerned on the implementation of plan of action/s;
- 5.3. Provides report/update to the Board’s Audit Committee on matters related to the whistle-blowing program.

**G. OTHER CONCERNS**

1. The outcome of an investigation, which may result to disciplinary action under the Bank’s Code of Conduct Handbook, will remain confidential.
2. It is the role of the Internal Auditor to periodically evaluate the design and effectiveness of the whistle-blowing as a whole. The program should reflect changes in operations and remain current with best practices.
3. All communications made through the whistle-blowing process shall be treated with due diligence and properly investigated.

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