

MEMORANDUM BSQAD 20-034

TO : ALL OFFICERS AND STAFF

FROM : BUSINESS SYSTEMS AND QUALITY ASSURANCE DIVISION

SUBJECT : **GUIDELINES ON WHISTLEBLOWING**

DATE : November 16, 2020

This manual provides for the guidelines and procedures on handling issues and concerns raised either by Bank employees or third parties on transactions or activities that are deemed inappropriate and may adversely impact the Bank.

The OPPM No. 20-034 re: Guidelines on Whistleblowing is hereby being released for proper guidance of all concerned units. Any prior guidelines inconsistent with this issuance are hereby superseded.

Recommended for Issuance by:	Endorsed for Approval by:	Approved for Implementation by:
 AVP MEDALLON R. ABRENA Department Head	 VP HELEN D. PACIENCIA Division Head	 MICHELANGELO R. AGUILAR President and CEO

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I. ACTIVITY DESCRIPTION

The Bank is committed to a high standard of transparency, openness, probity and accountability. The Bank encourages all employees with serious concerns about any aspect of the Head Office unit/branch activities or transactions to come forward and voice their concerns. The Bank also recognizes legitimate concerns that may be raised by third parties (e.g., clients, contractors, service providers, etc.) to ensure it operates in an upright and ethical manner and continues to deliver outstanding service to its clients.

This manual aims to provide bank employees and third parties with the following:

- avenues to raise concerns and receive feedback on these concerns;
- assurance that they will be protected from harassment by persons associated with the disclosures made;
- protection for every employee from reprisals or victimization for reporting in good faith to management, issues or concerns related to possible or actual irregularities duly supported with written and/or testimonial evidence;
- guidelines for third parties to communicate their complaints and/or concerns involving the Bank and its employees.

The acts, issues or concerns that should be reported are those which may be deemed, among others:

- blatant and malicious disregard to comply with internal policies and procedures, laws, rules or regulations that may lead or led to undue harm to the reputation of the client and/or the Bank or the commission of a fraudulent transactions (e.g., unauthorized and unethical disclosure of client information, malicious opening of a deposit account without conducting standard KYC that may lead or led to fraud or irregularity, etc.);
- criminal offenses- illegal act that involves the use of deception to obtain money from the Bank (e.g., facilitating money laundering activities and acts

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of bribery/corruption, colluding with other persons who intend to rob a branch, connivance with bank employees to perpetrate an irregularity or fraudulent transaction(s), etc.);

- serious danger to the health, well-being and safety of any person – conditions or practices in a place of employment whereby such danger exists which could reasonably result in undue physical harm or even death of an employee (e.g., compelling an employee to report to work despite severe weather conditions except those essential employees in the disaster recovery operations, not observing proper quarantine during outbreaks, sexual harassment, etc.);
- possible damage to the environment - conditions or practices in a place of employment which could reasonably result in destruction of the environment (e.g., indiscriminate disposal of waste products, building infrastructure within demarcated easement zones, etc.); and
- deliberate concealment of any of the above.

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Nature of Whistleblowing

Whistleblowing – the act of bringing to the attention of the Bank, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices or conduct of its employee that shows/tends to show, gross waste, gross mismanagement, abuse of power, or substantial and specific danger to public health and safety, among others.

Reporting Person – refers to a bank employee (whistleblower) or third party who makes a disclosure of relevant information on suspected or actual wrongdoing by any of the Bank's personnel or unit.

Principles on Whistleblowing

It is the Bank's principle that Reporting Persons who have acted in good faith in reporting legitimate concerns shall be protected from reprisal or retaliatory action or not subject to disciplinary action, in case the Reporting Person is an employee, for making such disclosures. Retaliatory actions that management or any of its employees are prohibited from taking against a Reporting Person include but not limited to:

- a. discriminatory and bullying actions, including those made under the guise of policy and procedural determinations designed to avoid claims of victimization;
- b. reprimand;
- c. punitive transfer;
- d. referral to a psychiatrist or counselor;
- e. undue or bias poor performance review;
- f. obstruction of the investigation;
- g. withdrawal of essential resources;
- h. adverse reports;
- i. attachment of adverse notes in the personnel file;
- j. ostracism;
- k. questions and attacks on motives;

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- l. public humiliation; and
- m. denial of work necessary for promotion

The Bank shall be guided by the following principles when dealing with whistleblowing cases:

- Deliberate and malicious false and misleading disclosures or statements shall be sufficient ground for the cessation of protection of the reporting employee from any administrative, criminal and/or civil liability that may arise from the whistleblowing case.
- Any bank employee who does, causes or encourages retaliatory actions against a Reporting Person, or persons believed or suspected to be one, and/or those employees supporting him/her or any of his/her relatives within the fourth civil degree of consanguinity and affinity, shall be immediately subjected to administrative and/or criminal proceedings, and in appropriate cases, immediately placed under preventive suspension.
- A Reporting Person may be entitled to a commendation, and/or other form of incentive when deemed appropriate.

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II. POLICY GUIDELINES

1. Reporting Persons may raise issues/concerns covering Bank-related transactions/activities which they deem inappropriate via the appropriate channels.
2. A **Disclosure Report** (refer to **Exhibit No. 1**) shall be executed to document any issue/concern expressed by a Reporting Person.
3. The Reporting Person/channel shall discreetly submit the Disclosure Report directly to the Human Resource Management and Development Division (HRMDD) Head.
4. The HRMDD Head shall filter the Disclosure Report. If any Internal Audit Division (IAD) employee involvement is suspected, the case shall be handled by HRMDD Head. Otherwise, the Chief Audit Executive (CAE) shall handle the case.

Whistleblowing as Initiated by an Employee

5. Employees may channel their concerns directly to the HRMDD Head, who in turn shall immediately report the matter to the CAE if after initial evaluation/validation the concern or case at hand raised by the whistleblower is reasonably credible, has basis, a serious matter (not trivial or petty) and merit an investigation.
6. A bank employee shall accomplish the Disclosure Report and shall include any documents to support the allegations (if there are any – e.g., pictures, documents, recorded conversation, videos, etc.).

Whistleblowing as Initiated by a Third Party

7. The following are third parties that may report or raise their concerns:
 - a. Clients/customers;
 - b. Service Providers;
 - c. Contractors;

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- d. Suppliers; or
 - e. Others with knowledge of any reportable incident or concern.
8. Third parties may channel their concerns via the following:
- a. Customer care hotline/email;
 - b. Branch visit; or
 - c. Directly notifying any Bank employee.
9. The identities of third parties must be treated with the utmost confidentiality by the receiving channel. These issues/concerns may be expressed anonymously, but are subject to verification to determine if further investigation is warranted.
10. The third party may accomplish the Disclosure Report and may include any document to support the allegations (e.g., pictures, documents, etc.).
11. The receiving channel may accomplish the Disclosure Report based on the report of a third party who does not wish to put it in writing.

Handling of Whistleblowing Cases by IAD

12. The CAE must formally notify the Audit Committee (AuditCom) of whistleblowing cases immediately after these are received and regardless of the merits of each case. The initial notification must include details of the Disclosure Report. The initial confidential inquiries shall commence only after the AuditCom has been formally notified.
13. Upon the advice of the HRMMD Head of a whistleblowing case, the CAE shall take the lead in the fact-finding process and shall coordinate with the Chief Compliance Officer (CCO) and Legal Services Division (LSD) Head (as may be necessary) in the investigation of cases brought about by whistleblowing.

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14. As the lead person tasked with the implementation of the Whistleblowing Policy, the CAE shall be authorized to unrestricted access to all relevant information, conduct an investigation, and coordinate with and seek assistance of other Bank units deemed necessary to facilitate the investigation.

15. The CAE (and/or CCO and LSD Head as may be necessary) shall be responsible for assessing the validity and sensitivity of the issues/concerns raised by the Reporting Employee. To protect the Reporting Employee, initial confidential inquiries will be made by the CAE/IAD to decide if an investigation is appropriate.

If initial confidential inquiries suggest further investigation is warranted, IAD, upon the CAE's judgment, initiation and discretion, will perform a thorough investigation into the matter reported. Upon completing the investigation, the CAE may cease looking deeper into the matter if it is established that there is no basis for proceeding further. In such instances, the AuditCom must be formally notified of the termination of investigation. If the initial results require further investigation, the CAE may refer to the relevant law enforcement agency if necessary or request for an independent inquiry.

Handling of Whistleblowing Cases by HRMDD

16. When IAD employee is involved, the HRMDD Head must formally notify the Corporate Governance Committee (CorGov) and copy furnish the AuditCom of whistleblowing cases immediately after these are received and regardless of the merits of each case. The initial notification must include details of the Disclosure Report. The initial confidential inquiries shall commence only after CorGov has been formally notified.

17. The HRMDD Head must form an investigation team, sans any IAD employee, to conduct confidential inquiries and investigation proceedings.

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Reporting to Committees and Decision

18. The CAE / HRMDD Head shall present the results of the confidential inquiries and formal investigation to the following committees depending on the persons involved:

Involved Persons	CoDA	SET	AuditCom and CorGov (CorGov only if IAD employee is involved)	Board of Directors (BOD)
Director	-	-	<ul style="list-style-type: none"> Gives instructions on how to proceed. Recommends course of action to BOD. 	<ul style="list-style-type: none"> Decides on case based on AuditCom and CorGov recommendation.
Senior Officer	<ul style="list-style-type: none"> Conducts hearings as necessary. Makes recommendation to AuditCom and CorGov (CorGov only if IAD employee is involved). 	-	<ul style="list-style-type: none"> Reviews investigation report and CoDA recommendation. Recommends course of action to BOD. 	<ul style="list-style-type: none"> Decides on case based on AuditCom and CorGov (CorGov only if IAD employee is involved) recommendation.
Junior Officer / Staff	<ul style="list-style-type: none"> Conducts hearings as necessary. Makes recommendation to SET. 	<ul style="list-style-type: none"> Decides on case based on investigation report and CoDA recommendation. 	<ul style="list-style-type: none"> Endorses report on SET decision to BOD. 	<ul style="list-style-type: none"> Notes decision of SET.
Senior Officer and Junior Officer / Staff in the same case	<ul style="list-style-type: none"> Conducts hearings as necessary Makes recommendation to AuditCom and CorGov (CorGov only if IAD employee is involved). 	-	<ul style="list-style-type: none"> Reviews investigation report and CoDA recommendation. Recommends course of action to BOD. 	<ul style="list-style-type: none"> Decides on case based on AuditCom and CorGov (CorGov only if IAD employee is involved) recommendation.

19. If the case is elevated to the CoDA, the CoDA shall review the documents of the case, including the Disclosure Report and results of the investigation. The CoDA may recommend sanctions to the person responsible or reward to the

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Reporting Person. In exercising its discretion, the following may be considered:

- Seriousness of the issues raised;
- Credibility of the concern;
- Likelihood of confirming the allegation from attributable sources; and
- Financial or reputational losses incurred.

Furthermore, if the elevated case involves monetary losses, regardless of the amount, the HRMDD Head shall report the whistleblowing case and submit the CODA report to Operational Risk Management Department (ORMD).

Reporting of Crimes and Financial Losses

20. Upon determination that there is an immoral, unethical and illegal act that results in a crime, an initial draft of Report on Crimes and Losses (RCL) shall be prepared and submitted by HRMDD Head / Designated IAD Officer to Compliance Management and Monitoring Department (CMMD) Head in accordance with the OPPM re: Reporting of Crimes and Losses.
21. Once the investigation is finished and the proceedings against the employee involved is concluded, the HRMDD Head shall immediately notify and submit the draft of Final RCL to CMMD Head.
22. The CMMD Head shall finalize the RCL to be submitted to Bangko Sentral ng Pilipinas (BSP) following the guidelines in the Money Laundering and Terrorist Financing Prevention Program (MTPP) and OPPM re: Reporting of Crimes and Losses to BSP.

Likewise, the CMMD Head shall prepare and finalize the Operational Loss Report to be submitted to BSP following the existing policies.

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Protection for Reporting Persons

23. HRMDD – Learning and Development, Employee and Labor Relations Department (LDEL RD) shall be responsible for the following:

- a. taking action to protect and prevent the harassment of any Reporting Employee who raises valid issues/concerns,
- b. coordinating with all investigating units and CoDA to protect the identity of the Reporting Person who raises issues/concerns, and
- c. guiding the involved units/employees on the procedures to follow during the CoDA investigation.

Note: The confidentiality commitment shall not apply if the investigation warrants disclosure of the source of information and a statement by the reporting employee as part of the evidence.

24. When any meeting is arranged, the Reporting Employee has the right, at his option, to be accompanied by a representative of the Employee's Union (if Rank and File) or an independent lawyer or professional association representative or any person who is not involved in the area of work to which the concern relates.

After Case Resolution

25. The Division/Group Head of the unit involved shall be responsible for implementing the sanction/reward issued by the CODA Secretariat.
26. Disclosure Report shall be filed by IAD/HRMDD within five (5) banking days after the issues/concerns have been resolved. To monitor the result of all Disclosure Report, IAD shall provide a monitoring sheet to the AuditCom every end of the month.

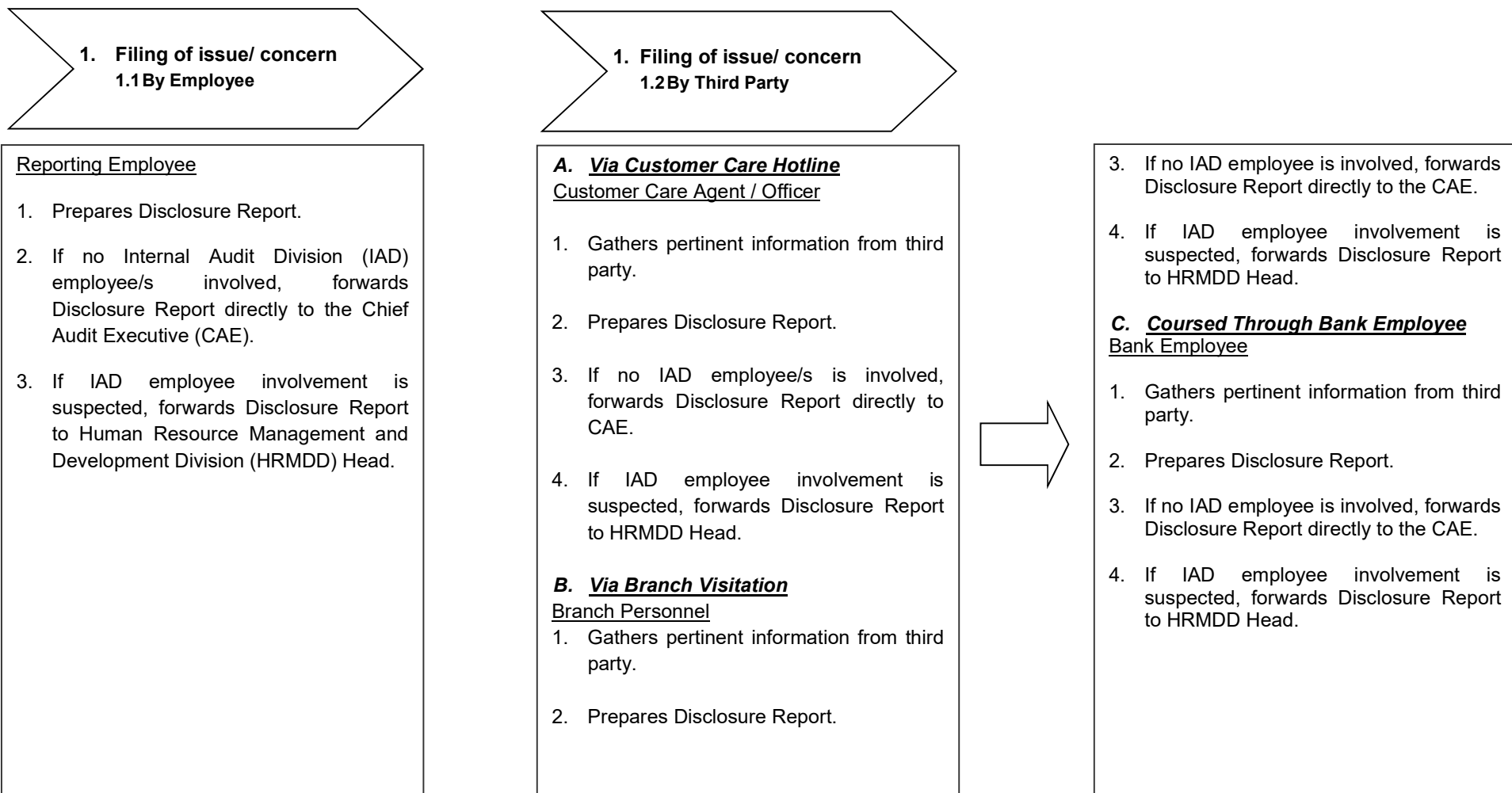
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Handling of False Report

27. An employee shall report objectively and truthfully which is supported by enough evidence and personal direct knowledge. Any allegations that are clearly baseless with the intent to cause anger, irritation or distress are not acceptable to the Bank. The said Reporting Employee will be subjected to disciplinary action. This act of malicious reporting shall be classified as a form of misconduct (unprofessional demeanor) based on the Bank's Code of Discipline.
28. The Reporting Employee will not be subjected to any disciplinary action if the report is evaluated to be made in good faith, but is not confirmed after initial inquiries and investigation.

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III. PROCESS FLOW



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2. Case Evaluation and Investigation

A. If IAD Employee is Not Involved

CAE

1. Notifies via email the Audit Committee (AuditCom) of receipt of Disclosure Report.
2. Discusses information on the report with the Reporting Employee / Channel.

Note: If report is anonymous, the CAE may verify the information using any means available.

3. Conducts confidential inquiries with assistance of IAD – Designated Officers, and if necessary, the Chief Compliance Officer and Legal Services Division Head.
4. If at least one (1) Bank Director is involved, reports directly to the AuditCom and Corporate Governance Committee (CorGov).
5. Evaluates if the case has a legitimate basis and sufficient evidence to proceed.

If there is insufficient evidence to proceed:

CAE

6. Notifies the AuditCom of case resolution.
7. Instructs IAD – Designated Officer to file Disclosure Report accordingly.

If there is sufficient evidence to proceed:

CAE

8. Conducts a formal investigation.

IAD – Designated Officer

9. Determines if the case involves a crime against the Bank.
10. If yes, drafts a Report on Crimes and Losses (RCL).
11. Submits initial draft of RCL to Compliance Management and Monitoring Department (CMMD) Head.
12. Drafts investigation report.
13. Forwards investigation report to the CAE.

CAE

14. Reviews investigation report.
15. If acceptable, endorses investigation report together with supporting evidence

to the Committee on Disciplinary Action (CoDA).

Note: Refer to Reporting to Committees and Decision table.

16. Submits the CODA Report on the whistleblowing incident involving monetary losses to Operational Risk Management Department (ORMD) Head.
17. Notifies and submits the draft of Final RCL to be submitted to CMMD Head for finalization.

B. If IAD Employee/s is/are Possibly Involved

HRMDD Head

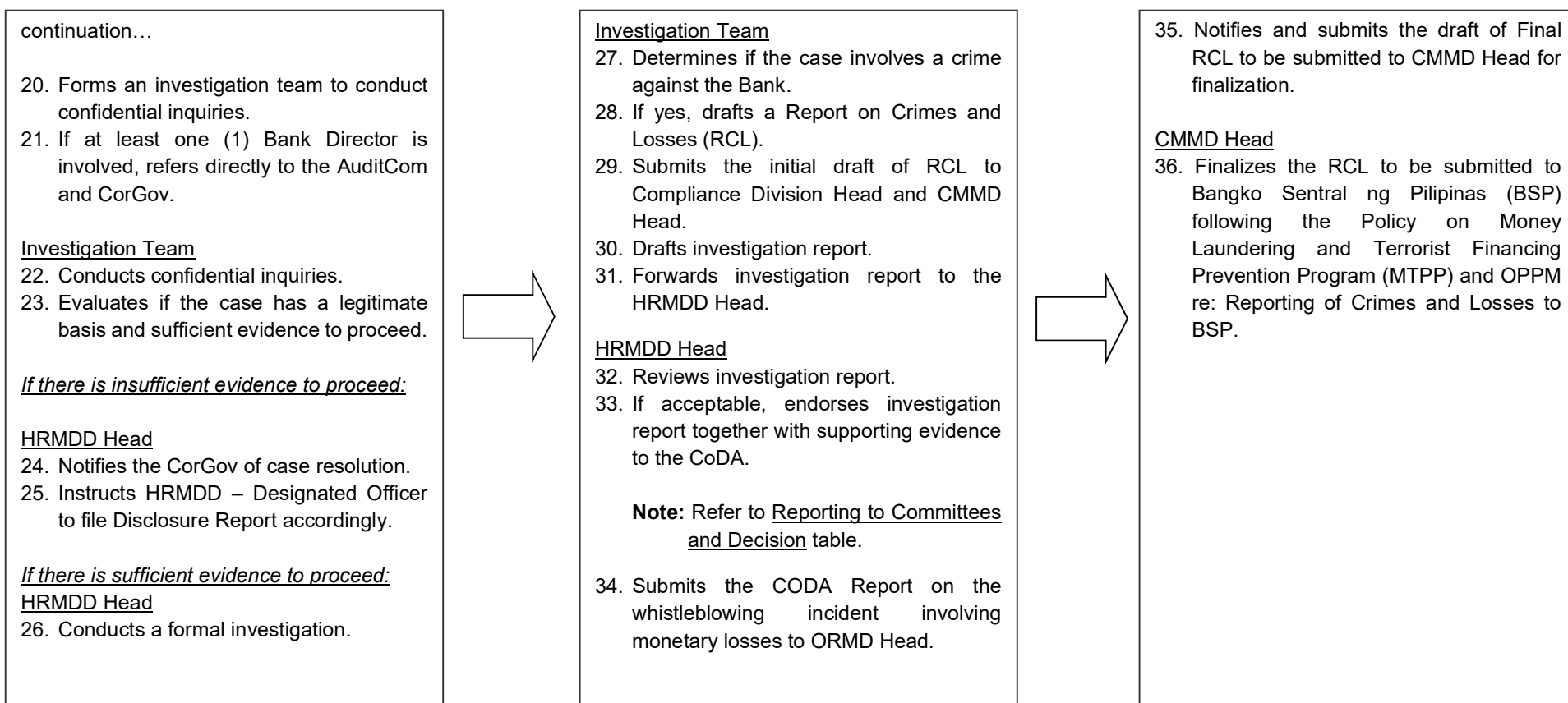
18. Notifies via email the CorGov, c/o the CorGov Secretariat, of receipt of Disclosure Report (cc: AuditCom).
19. Discusses information on the report with the Reporting Employee / Channel.

Note: If report is anonymous, the HRMDD Head may verify the information using any means available.

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2. Case Evaluation and Investigation



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3. After Case Resolution

HRMDD – Learning and Development,
Employee and Labor Relations Department
Head

1. Coordinates with the concerned Division / Group Head to implement the decision of the Board of Directors / SET.

CAE / HRMDD Head

2. Instructs the Designated Officer to file the Disclosure Report accordingly.

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IV. EXHIBIT / ANNEX

Exhibit No. 1 Disclosure Report

Annex A Flow Chart

DISCLOSURE REPORT

REPORTING EMPLOYEE / RECEIVING CHANNEL		
Reporting Employee / Receiving Channel Name:		Third party name (if applicable):
Position:		Contact information:
Rank:	Relationship with BOC: <input type="checkbox"/> Client <input type="checkbox"/> Contractor	
Branch / Unit:	<input type="checkbox"/> Service Provider <input type="checkbox"/> Other: _____	
Name/s of Person/s Involved:	Branch / Unit involved:	Date of Incident / Observation:
Brief Description of Incident/Observation and Issues/Concerns (please use an additional sheet if needed):		
Prepared by:		Noted by:
_____		_____
Signature of Reporting Employee / Channel Date		Signature of Third Party (if applicable) Date
REPORT INVESTIGATION		
Date Received:		Received by:
Action taken (please use an additional sheet if needed):		
Reported to: <input type="checkbox"/> Committee on Disciplinary Action <input type="checkbox"/> Audit Committee and Corporate Governance Committee		
<input type="checkbox"/> Returned to reporting employee / channel due to: <input type="checkbox"/> Other: _____		

Prepared by:		Endorsed by:
_____		_____
Signature over Printed Name of IAD / HRMDD – Designated Officer Date		Signature over Printed Name of Chief Audit Executive / HRMDD Head Date
CASE RESOLUTION		
HRMDD has taken the following actions pursuant to the instructions of the SET / Board of Directors:		
Prepared by:		Noted by:
_____		_____
Signature over Printed Name of HRMDD – Designated Officer Date		Signature over Printed Name of HRMDD Head Date

Whistleblowing Process

