

Insourced Activities	
Performance Measures	

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Internal Auditors' performance is governed by the provisions of the International Standards for the Professional Practice of Internal Auditing and BSP prescribed standards and regulations, particularly on rotation of auditors.	<p>The credit rating agencies, investment banks, institutional and other potential investors request for data and information prior to their scheduled meetings with the Bank's senior officers.</p> <p>Information provided to them is cut-and-dried data that have already been previously disclosed to the Philippine Stock Exchange and to the public.</p> <p>No write-ups, analyses, opinions and judgments are included in the information provided to these agencies.</p>		
Auditors are bound to carry out their functions in accordance with the Employee Discipline Policies and Procedures/Code of Conduct.			
Auditors shall not install nor develop policies and procedures, prepare reports, or execute activities that fall within the scope of its review.			
The Board Audit and Compliance Committee (BACC) shall have the sole authority to select, evaluate, appoint, dismiss, replace and re-appoint the External Auditors (subject to stockholder ratification) based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence; (iv) effectiveness of the audit process; and (v) reliability and relevance of the external auditor's reports. The BACC shall set compensation of the external auditor in relation to the scope of its duties and approve in advance all audit engagement fees and terms and all audit related, tax compliance and all non-audit engagements with the External Auditors.			

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Revised Corporate Governance Manual had been disseminated and/or circularized to all directors, officers and employees of the Bank. Said Manual has been posted in the Bank's I-comply Site of Cybermag/Intranet and PNB Website which is accessible 24/7.

The Chairman, President & CEO and the Chief Compliance Officer of the Bank can attest to the company's full compliance with the SEC Code of Corporate Governance.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	The Bank established Customer Service Policy Guidelines under Circular No. 1-774/2006 which will govern the conduct and manner by which all personnel render customer service to bank clients following the office decorum, standard greetings and spiels, as well as common courtesy.	The Bank continues to update the Customer Service Policy Guidelines issued in 2006. Gen Cir. 2-1653/2008 sets the standard for Service Quality. It sets forth the guiding principles of customer service, the protocols to be followed and the procedures for handling complaints. Further enhancements to this standard were issued, namely, Gen Cir. 2-1740/2009 announcing the Customer Service Hotlines and merging all helpdesks and Gen Cir. 2-1803/2010 which refined the procedures when replying to customer inquiries and/or complaints. The Bank likewise

		utilizes social media to disseminate relevant information regarding its products and services, and to receive and promptly address concerns and complaints of the customers.
Supplier/contractor selection practice	<p>The bank has an established guideline on the "Accreditation of Suppliers/ Contractors" per Sel. Cir. No. 8-169/2005 dated August 26, 2005 to ensure that the Bank, as much as possible/practicable, deals only with the best suppliers/contractors, pre-screened as to their capacity to deliver the best goods/services to the Bank at the lowest possible cost.</p> <p>The Bank has an established "Manual of Signing Authority (MSA)" as guide to the proper recommending and approving authority/ies in the procurement processes depending on the degree and amount involved on the items to be procured.</p>	<p>From among the list of accredited suppliers/contractors, Corporate Services Division (CSD) invites bidders to submit bids for a particular item/s to be procured. For purchases amounting to P5,000.00 and below, a telephone canvas is used; for over P5,000.00 but less than P50,000.00, a formal quotation is used; and for over P50,000.00, a sealed quotation is used. At least 3 bidders are gathered for each item purchased before an evaluation is made based on the terms of pricing and quality of goods/services offered, recommends to proper approving authority/ies (Heads of CSD/Heads of FAG/Procurement Committee/ Executive Committee) the best complying bid/s and upon approval, award the transaction/s to the winning bidder/s.</p>
Environmentally friendly value-chain	PNB participates in environmental protection projects of both the government and private sectors.	<ul style="list-style-type: none"> • Mangrove Planting Activity • Lakbay lawa kaisa ni Maria – Paglalayag ng Bayan ng Diyos para sa Kalikasan • Earth Hour <p>The Bank sponsors various tree/mangrove planting activities all over the country. These activities are conducted by branch personnel in various regions.</p> <p>The Bank further ensures environmentally friendly operations by limiting paper consumption through the use of electronic/paper-less means of communication and documentation. For instance, Notices, agenda, and relevant materials and documents are sent electronically. Copies of the Definitive Information Statement, Annual Report and Financial Statements are likewise provided to the stockholders in CD format.</p>
Community interaction	PNB gets involved in community/school/health/relief/calamity assistance project.	<ul style="list-style-type: none"> • Young & Empowered Students for the Philippines (YESPH) • Project B.R.O. (BSP Reaches Out) • KAWANGGAWA – PGH Pedia Cancer Patients • Kythe Foundation Inc. – Kite Flying Activity and Celebrate Life Party (CLP) • CFC 2016 Global Walk (to raise funds to sponsor a scholar for college) • Million Volunteer Run • Bloodletting with Philippine Red Cross • Fire Drill Training/Seminar • Various Feeding Programs, Gift Giving and Donation Drive • Various Pagtutulungan ng Bayan program. The program provides immediate assistance to victims of natural calamities, and various kinds of assistance to indigents and special communities in hospitals, hospices, orphanages, and other centers. • The Bank continues to grant scholarship to deserving students through the Tan Yan Kee Foundation, the CSR arm of the Lucio Tan Group of Companies.
Anti-corruption programmes and procedures	Under the Bank's Whistleblower Policy (as amended), employees can report or complain about (internally any suspected or actual commission of theft/fraud, corruption, etc.). The employee or the whistleblower is protected against retaliation, discrimination, harassment or adverse personnel action, for reporting in good faith a suspected or actual violation. Hence,	A whistleblower can submit a confidential report on suspected or alleged actual event/violation to any head of Corporate Security Group, Legal Group, Internal Audit Group or Human Resource Group using the Disclosure of Violation/Complain Form. The Head of such group shall gather details and information and validate and determine the scope and nature of the complaint and forward