

Committee; and (iii) nature, terms and conditions, as well as original and outstanding individual and aggregate balances, including off-balance sheet commitments coming from material RPTs.

- 4.4. Material RPTs approved by the Board, including the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details must be clearly disclosed during stockholders meeting and duly reflected in the minutes of the board and stockholders' meetings.

5. Training

The RPT policy guidelines are included in the Compliance Awareness Training Programs regularly conducted by the Global Compliance Group to all employees of PNB Group.

VI. CODE OF CONDUCT AND BUSINESS ETHICS

The Bank shall consistently adopt the policies and procedures on the Code of Conduct, Corporate Governance Manual and relevant policies in business ethics affecting directors, senior management and employees. The provisions of the Code of Conduct shall apply to all employees of the Bank including its overseas branches/offices and foreign/domestic subsidiaries.

1. Code of Conduct Manual - is constituted to prescribe a moral code for PNB Group employees which would not only instill discipline among them but would yield higher productivity at the workplace and enhance and safeguard the corporate image of the PNB Group. While this Code defines the offenses as well as the corresponding disciplinary measures that may be imposed, its overall intent is more of prevention of the infraction rather than the administration of disciplinary measures. This Code defines and provides the standards of conduct expected of all employees and enumerates the actions or omissions prejudicial to the interest of the PNB Group (Ref. Bd. Res. No. 01/04-26-13 and GEN. Cir. 1-873/2013 dated May 16, 2013);
2. Corporate Governance Manual - the bank adheres to the highest principle of good corporate governance as provided for in its Amended By-Laws and embodied in the Corporate Governance Manual. In accordance with the provisions of the manual, the bank subscribes to the philosophy of integrity, accountability and transparency in its manner of doing business; dealing fairly with its clients, investors, stockholders, related parties, the communities affected by the bank's activities and its various publics; professionalism among its Board of Directors, executive and other employees of the bank in managing the company, its subsidiaries and affiliates; and respect for the laws and regulations of the countries affecting its businesses;
3. Personal Investment Policy - set forth prudent standards of behavior for all employees when conducting their personal investment transactions. This policy provides minimum standards and specifies investment practices which are either prohibited or subject to special constraints. The employees may make investments for their personal accounts as long as these transactions are consistent with laws and regulations, and the personal investment policy of the bank. These investments should not involve or appear to involve a conflict of interest with the activities of PNB or its customers. Employee investment decisions must be based solely on publicly available information, and should be oriented toward long term investment rather than short term speculation.
4. As a general policy, all employees are prohibited from purchasing or selling any PNB securities if they possess material no-public information about PNB that if known by the public might influence the price of PNB securities. Employees may not purchase or sell PNB options or execute a short sale of PNB security unless the transaction is effected as a bona-fide hedge (Ref. Bd. Res. No. 02/04-24-09 and GEN Cir. No. 1-874/2013 dated May 16, 2013);
5. Policy on Soliciting and/or Receiving Gifts - the Bank recognizes that maintaining good relationships with clients, suppliers, and other business-related parties often require the exchange of gifts as tokens of appreciation. However, all employees are expected to observe, discretion and prudence in receiving gifts or donations whether in cash or in kind and other form of hospitality. Soliciting

gifts/donations/sponsorship whether in cash or in kind from clients, suppliers, and other business-related parties is strictly prohibited. However, employees may be allowed to receive gifts/donations/sponsorship/financial assistance whether in cash or in kind from clients, suppliers, and other business-related parties, subject to the conditions provided under Bd. Res. No. 03/03-21-13 and GEN. Cir. No. 1-866/2013 dated April 10, 2013;

6. **Whistleblower Policy** - it is the policy of the bank to encourage employees to report internally any suspected or actual commission of theft/fraud, violation of ethical standard, law, rule or regulation and/or any misconduct by its directors, officers or staff in accordance with the PNB Whistleblower Policy. The policy protects the employee/whistleblower against retaliation, discrimination, harassment or adverse personnel action, for reporting in good faith a suspected or actual violation (Ref. Bd. Res. No. 05/03-21-13 and GEN Cir. No. 1-868/2013 dated April 12, 2013).

The above mentioned code and policies aim to instill among the Bank directors and its employees a commitment and dedication to the virtues of honesty and integrity, with a high sense of prudence, responsibility and efficiency in the conduct of their duties.

As required, each bank director and employee accomplishes an Acknowledgement Receipt certifying therein that he/she has been furnished with copies of the above mentioned manuals and policies; that he/she has fully read and understood the provisions embodied therein; and that he/she promises to abide with the rules/regulations of the said manuals and policies.

Any failure to abide with the above mentioned manuals and policies must be reported to the immediate supervisor and/or Head of Office concerned to the Human Resource Group (HRG) and/or Corporate Governance Committee. A designated committee may subsequently validate/evaluate the report to determine if any sanction or disciplinary action should be taken against the erring employee or director.

VII. SHAREHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

The Bank recognizes that the most cogent proof of good corporate governance is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Bank and all its investors:

1. Rights and Protection of Investors/Minority Interests

The Board shall be committed to respect the following rights of the stockholders:

1.1 Right to vote on all matters that require their consent or approval

1.1.1 Shareholders shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code;

1.1.2 Cumulative voting shall be used in the election of Directors; and

1.1.3 A Director shall not be removed without cause if it will deny minority shareholders representation in the Board.

1.2 Right to inspect corporate books and records

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

1.3 Right to Information

1.3.1. The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the Directors and officers and certain other