

(b) Conduct of Business and Fair Dealings		Covered	Covered	Personal Investment Policy (Gen. Cir. 1-874/2013 dated May 16, 2013)
(c) Receipt of gifts from third parties		Covered	Covered	Policy on Soliciting and/or Receiving Gifts (Gen. Cir. 1-866/2013 dated April 10, 2013)
(d) Compliance with Laws & Regulations		Covered	Covered	Manual of Policies on Human Resource Management and Development; Code of Conduct (OPP 0318/16 dated May 2, 2016); Employee Handbook
(e) Respect for Trade Secrets/Use of Non-public Information	Covered	Covered	Covered	Personal Investment Policy (Gen. Cir. 1-874/2013 dated May 16, 2013); Confidentiality of Information (Gen. Cir. 1-878/2013 dated June 4, 2013), Employee Handbook
(f) Use of Company Funds, Assets and Information		Covered	Covered	Confidentiality of Information (Gen. Cir. 1-878/2013 dated June 4, 2013); Employee Handbook
(g) Employment & Labor Laws & Policies		Covered	Covered	Manual of Policies on Human Resource Management and Development; Employee Handbook
(h) Disciplinary action		Covered	Covered	Code of Conduct (OPP 0318/16 dated May 2, 2016); Employee Handbook
(i) Whistle Blower	Covered	Covered	Covered	Whistleblower Policy (OPP 0320/16 dated May 2, 2016)
(j) Conflict Resolution		Covered	Covered	Code of Conduct (OPP 0318/16 dated May 2, 2016)

- Personal Investment Policy – The purpose of PNB’s Personal Investment Policy is to set forth prudent standards of behavior for all employees when conducting their personal investment transactions. Accordingly, the policy provides minimum standards and specifies investment practices which are either prohibited or subject to special constraints. PNB employees (officers and staff) 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. The 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.
- Policy on Soliciting and/or Receiving Gifts – The Bank recognizes that maintaining good relationships with clients often require the exchange of gifts as token of appreciation. However, 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. 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 various conditions.
- Code of Conduct Manual – The Code of Conduct (“Code”) is constituted to prescribe a moral code for PNB 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 Bank. While the 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. The Code defines and provides the standards of conduct expected of all employees and enumerates the act or omissions prejudicial to the interest of the Bank.
- Policy on Office Decorum – Bank employees should conduct themselves with proper decorum at all times within or outside the Bank premises in order to protect the good name of the Bank as well as to merit and maintain the trust and confidence not only of Bank clients or customers but the public in general. Proper office decorum includes, among others, the use of stationery and supplies and the principle of confidentiality of information.
- Whistleblower Policy – The Whistleblower Policy aims to: (1) encourage employees to report internally any suspected or actual commission of theft/fraud, violation of ethical standard, law, rule or regulations and/or any misconduct by its directors, officers or staff; (2) conduct a prompt and thorough investigation of any alleged/reported commission of theft/fraud and/or violation and take appropriate corrective action; (3) protect the employee/whistleblower against retaliation, discrimination, harassment or adverse personnel action, for reporting in good faith a suspected or actual violation; (4) reduce, if not eliminate, the occurrence of corporate fraud in line with sound banking practice and risk management; and (5) strengthen the Bank’s system on detection and prevention of corporate fraud.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? (updated – October 2016)

Yes. The Bank’s human resource policies, including but not limited to, the Code of Conduct are disseminated by the Human Resource Group through the Bank’s online intranet system and posted at PNB Cybermag, which may be accessed by employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct. (updated – 2015)

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 is reported by the immediate supervisor and/or Head of Office concerned to the Human Resource Group (HRG) and/or Corporate Governance/Nomination/Remuneration 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.

4) Related Party Transactions

(a) Policies and Procedures (updated – October 2016)

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p>The Board of Directors, Management and Staff of the Philippine National Bank, including trust department and its subsidiaries and affiliates commit themselves to adopt and adhere with the Policy Guidelines on Related Party Transactions (RPTs). These guidelines were formulated in accordance with the requirements of the SEC Revised Code of Corporate Governance; Securities Regulations Code; BSP Guidelines in Strengthening Corporate Governance on Related Party Transactions (RPTs) of Banks; the BSP Guidelines on Related Party Transactions, Prudential Policy on Loans to DOSRI/Subsidiaries/Affiliates, Basel Core Principles (BCP) for Effective Banking Supervision No. 20 and other related laws and regulations.</p> <p>The Bank recognizes that engaging in RPTs have economic benefits to individual entities and to the entire PNB Group. Related Party Transactions (RPTs) are generally allowed provided that these are done on an arm's length basis; monitors these transactions; take appropriate steps to control or mitigate the risks; and write off of exposures to related parties in accordance with standard policies and processes; and in accordance with the board approved RPT policy guidelines. As such, RPTs shall be conducted in the regular course of business (fair process) and not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms). Cover related parties are DOSRI, Subsidiaries/Affiliates and Beyond (DOS' relatives up to 2nd degree level).</p> <p>The Board Oversight RPT Committee (BORC), governed by a Charter, assists the Board in performing its oversight functions for avoiding potential conflicts of interest of shareholders, board members, management, and other stakeholders of PNB Group. The Committee is composed of at least three (3) members of the board of directors, two (2) of whom are independent directors, including the chairperson. The Chief Compliance Officer or Chief Audit Executive may sit as resource persons in the Committee.</p> <p>The Board through the BORC oversees the evaluation of RPT that present the risk of potential abuse; exercises appropriate oversight in the implementation of the control systems for managing RPT exposures; processes and approvals are conducted at arm's length basis; ensures that RPTs handled in sound and prudent manner, with integrity, and in compliance with the board approved RPT Policy Guidelines/Manual; sets an example in complying with supervisory expectations, and practicing good governance for the best interest of the bank and its depositors, creditors, fiduciary clients, and other stakeholders.</p> <p>The RPT accounts are discussed, evaluated and endorsed by the BORC for approval of the Board.</p> <p>RPT dealings are disclosed in the Annual Report prepared by SGV and based on the Board approved PNB RPT Policy. Periodic reports of RPTs are likewise submitted to the BSP in compliance with its regulatory requirement.</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

Details of Conflict of Interest (Actual or Probable)	
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders. (updated – October 2016)