

ANTI-BRIBERY AND CORRUPTION (ABC) POLICY GUIDELINES

August 2024

IMPORTANT: This document is proprietary to China Bank Savings Inc. and no part of this material should be shared or disclosed to third parties without the express written authorization of China Bank Savings Inc., Compliance Division.

Document Control / Revision History:

Date	Version	Status	Author/Prepared By	Remarks
20-Jul-2021	1.0	Draft	Jemelyn N. Duhilag, M AML Compliance Officer	Setting out the Policy Guidelines for Anti-Bribery and Corruption
9-Aug-2021	1.0	Draft	Atty. Roberto M. Buenaventura	Incorporated legal inputs
13-Sep-2021	1.0	Draft	Rechie W. Lastimoso	Finalized the draft
13-Sep-2021	1.0	Final	Jemelyn N. Duhilag, M AML Compliance Officer	For presentation to AMLCOM
20-Aug-2024	1.0	Final	Jemelyn N. Duhilag	Incorporated the New Whistleblowing Policy

Reviewed / Approved By:

Name	Area of Responsibility	Signature	Sign-Off Date
Atty. Corazon T. Llagas	VPI, Division Head & Chief Compliance Officer		
Raymond C. Apo	VPI, Division Head Risk Management		
Frederick M. Pineda	VP II, Group Head Centralized Operations		
Atty. Roberto M. Buenaventura	VP II, Division Head Legal Services		
Kristine Michele C. Broadhurst	VP II, Deputy Group Head Consumer Lending		

Table of Contents

1. Policy Statement	4
2. Scope of Guidelines	5
3. Definition of Terms	6
4. Bribery and Corruption	8
5. Implications of ABC to CBSI	8
6. Governance and Oversight	9
7. Policies and Procedures	10
7.1 Policies	10
7.1.1. Gifts, Entertainment, and Hospitality	10
7.1.2. Outsourcing and Vendor Management	10
7.1.3. Whistleblowing Policy	13
7.2 Implementation	14
7.2.1. Gifts/Donations/Sponsorship/Financial Assistance Received on Special Occasions	14
7.2.2 Outsourcing and Vendor Management	16
8. Monitoring and Assessment	17
8.1. Compliance Assessment through AML Certification	17
8.2. Compliance Testing and Review Program	18
9. Training	18
10. Effectivity	19
11. Dissemination	19

1. POLICY STATEMENT

China Bank Savings Inc. (CBSI) promotes a high standard of ethical, moral and legal conduct in the operation of its business which conforms to the principles of transparency, accountability, integrity, and compliance to rule of law, in dealings among its employees, and when doing business with its customers, shareholders, communities, regulators and frontline government agencies.

The Bank has zero appetite in tolerating offenses related to bribery and corruption. The Anti-Bribery and Corruption (ABC) Policy of CBSI prohibits the act of giving, promising, authorizing, offering, soliciting, or receiving any item of value, whether directly or indirectly, intended to improperly influence the decisions or actions of another party to obtain an unfair advantage.

The ABC Policy further prohibits receiving and making direct or indirect unlawful payments, gifts, and advantages to and from any employee, political activity, foreign or domestic government official, agency or instrumentality relatives of the President of the Philippines, the Vice-President of the Philippines, the President of the Senate, or the Speaker of the House of Representatives, by consanguinity or affinity, within the third civil degree.

The objective of this policy is to establish an internal framework to:

1. mitigate the risk of reputational damage through the abuse of CBSI's products and services for the purposes of bribery and corruption;
2. create specific measures and controls to ensure that the Bank is in compliance with all applicable anti-bribery and corruption laws;
3. maintain an appropriate degree of protection to the Bank and its customers;
4. raise awareness while operating with the highest standards of integrity within the Bank; and
5. preserve the integrity of the Philippine financial system.

This is aligned with CBSI's core vision and mission to be the leading savings bank preferred by the markets we serve by maintaining the highest ethical standards through good corporate governance; deliver sustainable returns for our shareholders; and serve our communities to promote better lives.

The Board of Directors, Management, and Employees of CBSI must be aware of, and at all times, act in compliance with the ABC Policy which is in accordance with the following laws relevant to Anti-Bribery and Corruption:

- Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act (AGCPA) is the main anti-corruption law of the Philippines which enumerates certain acts of public officers that constitute graft or corrupt practices. It prohibits private individuals from requesting or receiving gifts or advantages from other private individuals where a public officer is indirectly involved. Further, AGCPA criminalizes active and passive bribery, extortion, abuse of office, and conflicts of interest.

- Articles 210, 211, 211-A and 212 of the Revised Penal Code of (RPC) the Philippines, as amended which covers bribery and corruption of public officers. Penalties shall be imposed upon the officer corrupted by any person who offers, promises, or gives gifts or presents.
- Presidential Decree 46 (PD 46) which prohibits public officers from receiving gifts and entertainment and private individuals from offering the same.
- Republic Act No. 6713 or otherwise known as the Code of Conduct and Ethical Standards for Public Officers and Employees which prohibits public officers from accepting or soliciting gifts, favors, loans or entertainment in connection with their duties.

Bribery and corruption can distort national and international economic relations. In recognition of this, the Financial Action Task Force (FATF) attaches a great importance to the fight against corruption: corruption has the potential to bring catastrophic harm to economic development, the fight against organized crime, and respect for the law and effective governance.

Further, the G20¹ called upon the FATF to address the problem of corruption in the framework of its work on combating money laundering and terrorist financing. Corruption and money laundering are intrinsically linked. Corruption offenses, such as bribery or theft of public funds, are generally committed for the purpose of obtaining private gain. Money laundering is the process of concealing illicit gains that were generated from criminal activity.

The FATF Recommendations were designed to combat money laundering and terrorist financing, but when effectively implemented they can also help combat bribery and corruption, by:

- Safeguarding the integrity of the public sector
- Protecting designated private sector institutions from abuse
- Increasing transparency of the financial system
- Facilitating the detection, investigation and prosecution of corruption and money laundering, and the recovery of stolen assets.

Any breach of this Policy may result in disciplinary action, termination, civil proceedings, or such other remedial actions as appropriate in these circumstances.

2. SCOPE OF GUIDELINES

The ABC Policy shall apply to the operations and activities of China Bank Savings, Inc. (CBSI). Under this Policy, CBSI:

- must comply with the anti-bribery and corruption laws in the Philippines

¹ G20 (Group of 20) is an annual meeting for the leaders of the world's biggest economies (technically 19 countries plus the European Union).

- must ensure that all customers, consultants, third-party vendors and suppliers are screened against the Bank's Internal Watchlist for potential hits
- should establish policies, procedures and internal controls in order to ensure compliance with all applicable anti-bribery and corruption laws
- should make and keep books, records and accounts which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company
- must ensure that the execution of transactions and access to assets are in accordance with management's authorization
- reserves the right to refuse and terminate business relations and transactions involving any irregular, illegal or fraudulent act directed against the Bank

The ABC policy supplements the relevant provisions of the Bank's Money Laundering and Terrorist Financing Prevention Program (MTPP), Code of Ethics, Whistleblowing Policy, and other associated policies which should be read in conjunction with those provisions to strengthen good corporate governance and best practices.

3. DEFINITION OF TERMS

- a. **"Anti-Money Laundering Act" (AMLA)** refers to Republic Act No. 9160, as amended by Republic Act Nos. 9194, 10167, 10365, 10927 and 11521.
- b. **"Anti-Graft and Corrupt Practices Act" (AGCPA)** refers to Republic Act No. 3019.
- c. **"Bank"** refers to "China Bank Savings" that covers its Head Office and domestic branches.
- d. **"Benefit"** refers to a right privilege, entertainment, advantage, exemption or any other similar act of liberality in favor of another.
- e. **"Bribe"** can take the form of cash, assets, services, favors, or any item of value, whether delivered presently or in the future.
- f. **"Bribery"** is the act of promising, giving, offering, soliciting, or receiving any item of value, whether directly or indirectly, to improperly influence the opinions or actions of another party to obtain an unfair advantage.
- g. **"Conflict of Interest"** arises when a public officer or government employee is a member of a board, an officer, or a substantial stockholder of a private corporation or owner or has a substantial interest in a business, and the interest of such corporation or business, or his rights or duties therein, may be opposed to or affected by the faithful performance of official duty.
- h. **"Corruption"** is any unlawful or improper behavior that seeks to gain an advantage through illegitimate means for personal gain. Forms of corruption include bribery, abuse of power, extortion, fraud, deception, embezzlement and money laundering.
- i. **"Direct Bribery"** is committed by a public officer who accepts an offer or promise or receives a gift or present, by himself or through another, with a view to committing a crime, or in

consideration of the execution of an act that does not constitute a crime but is unjust, or to refrain from doing something that it is his official duty to do.

- j. **“Facilitation Payments”** are small bribes paid to public officials by private citizens to speed up bureaucratic processes and access services the payer is lawfully entitled to. Facilitation payments are not allowed under Philippine anti-bribery and anti-corruption laws.
- k. **“Gift”** refers to a thing or a right to dispose of gratuitously, or any act or liberality, in favor of another who accepts it, and shall include a simulated sale or an ostensibly onerous disposition thereof. It shall not include an unsolicited gift of nominal or insignificant value not given in anticipation of, or in exchange for, a favor from a public official or employee.
- l. **“Government”** refers to the national government, the local governments, the government-owned and government-controlled corporations, and all other instrumentalities or agencies of the Republic of the Philippines and their branches.
- m. **“Indirect Bribery”** refers to acts committed by a public officer who accepts a gift offered to him by reason of his office.
- n. **“Item of Value”** may include, among other things, cash, cash equivalents and financial instruments, such as securities, loans, and gift certificates, gifts, including jewelry and luxury items, leisure travel, accommodations, and sightseeing excursions, entertainment, employment opportunities, political and charitable donations, education expenses, sponsorships for seminars and educational programs, and medical expenses.
- o. **“Malversation of Public Funds and Property”** under Articles 217 and 222 of the Revised Penal Code, as amended refers to the use of public funds for his own personal use or allows any other person to take such public funds for personal use.
- p. **“Public Officer or Public Employee”** includes elective and appointive officials and employees, permanent or temporary, whether in the classified or unclassified or exempt service receiving compensation, even nominal, from the government.
- q. **“Receiving any gift”** includes the act of accepting directly or indirectly a gift from a person other than a member of the public officer's immediate family, in behalf of himself or of any member of his family or relative within the fourth civil degree, either by consanguinity or affinity, even on the occasion of a family celebration or national festivity like Christmas, if the value of the gift is under the circumstances manifestly excessive.
- r. **“Revised Penal Code of the Philippines”** (RPC) refers to Act No. 3815.
- s. **“Person”** includes natural and juridical persons unless the context indicates otherwise.
- t. **“Plunder”** under Republic Act No. 7080, as amended, refers to any public officer who, by himself or in connivance with members of his family, relatives by affinity or consanguinity,

business associates, subordinates or other persons, amasses, accumulates or acquires ill-gotten wealth through a combination or series of overt or criminal acts.

- u. **“Supplier”** refers to an individual or business entity, who is the source of products and services to the company.
- v. **“Special Occasions”** refer to events such as Christmas, New Year, Birthday, Anniversary, Wedding, and the like, wherein giving of gifts is clearly not meant to influence business transactions.
- w. **“Third-Party Vendor”** refers to an individual or business entity, who deals with the purchase and distribution of goods from the manufacturers to the consumer.

4. BRIBERY AND CORRUPTION

Corruption is generally the abuse of entrusted power for personal gain, whereas Bribery is a type of corruption which can cover bribes of cash, assets, services, favors, or any item of value, whether delivered presently or in the future. An item of value is any benefit given or received with corrupt intent which may include gifts, entertainment, hospitality, travel expenses, employment, and work experiences, among others.

Bribes can occur directly, or indirectly through third parties in an effort to conceal the true nature of the transaction. The mere offering or soliciting of a bribe is enough to incur liability even if the transaction was not completed. A bribe occurs when there is an illegitimate purpose linked to the offer, solicitation or acceptance, without lawful authority or reasonable excuse, of the advantage provided.

Bribery and corruption can occur anytime during the course of business which can lead to serious short-term and long-term damage to the organization. Thus, bribery raises the risk of doing business which may lead to reputational damage in the organization as investors and shareholders will refuse to avail of the services and invest in the business.

5. IMPLICATIONS OF ABC POLICY TO CHINA BANK SVINGS, INC. (CBSI)

Any breach of this Policy may result in disciplinary action, termination, or such other remedial actions as appropriate in the circumstances. The Bank reserves its right to terminate contractual relationships with its representatives if there is any breach of this policy.

There is no provision under Philippine law which makes juridical and legal entities liable for criminal acts related to bribery which were performed by its employees. Only the employee or officer who authorized and personally committed the prohibited act can be held liable. However, the license of the Bank to do business may be revoked if it was proven that serious violations of Philippine Law were committed which will render it unfit to continue its business operations and transactions.

Under the Anti-Graft and Corrupt Practices Act (AGCPA), the private person involved in committing any of the unlawful acts or omissions related to bribery or corruption shall be punished with imprisonment for not less than one year or more than ten years, and confiscation or forfeiture in favor of the Government of any prohibited interest and unexplained wealth manifestly out of proportion to his salary and other lawful income.

Incidents or potential issues related to corruption or bribery shall be reported through the Whistleblowing Policy while maintaining the confidentiality and protection of the Whistleblower. The violation of the provisions on confidentiality shall be considered a serious disciplinary offense, which will be dealt with under the Bank's code of conduct.

Incidents or violations related to corruption or bribery shall be immediately reported to any of the Administrative Investigation Committee (AIC) members to maintain the confidentiality and protection of the Whistleblower, as stated on the Whistleblower Policy which was approved by the Board on November 17, 2011. The violation of the provisions on confidentiality shall be considered a serious disciplinary offense, which will be dealt with under the Bank's code of conduct.

6. GOVERNANCE AND OVERSIGHT

The functional responsibilities of the Chief Compliance Officer, AML Department Head and ABC Officer are clearly defined and listed below to ensure the effective administration of the ABC Policy.

a. Chief Compliance Officer (CCO)

Promotes the effective implementation of ABC Policy as well as provides guidance to the different business units/entities of the bank relative to anti-bribery and corruption.

b. AML Department Head

Assists the Chief Compliance Officer in providing oversight, guidance and implementation of the bank-wide ABC Policy. Oversees the activities/deliverables of ABC Officer and ensures that all priorities are met within the required timeframe.

c. ABC Officer

Directly reports to the AML Department Head. Serves as functional owner for setting and maintenance of the ABC Policy and to ensure that the guidelines are effectively implemented.

The Corporate Governance Committee (CGC) of the Bank provides oversight on the ABC Policy where updates, deviations, important items, and issues are to be escalated wherein any deviation from the ABC Policy requires prior approval from the CCO. The deviation request as endorsed by the CCO shall be presented to CGCOM for approval.

ABC-related issues shall be escalated and coordinated with the ABC Officer and are to be deliberated in the AML Committee (AMLCOM) prior to the presentation to CGCOM.

Relevant data should be collected and reported to CGCOM to assess the effectiveness of the Policy. Reporting should address the following ABC-related issues and updates, if any:

- Relevant legal and regulatory developments
- Status updates on the implementation which includes key performance indicators/metrics
- Significant deviations from internal policies and procedures by employees (e.g. on gifts, entertainment, and hospitality)
- Status of material internal investigations

7. POLICIES AND PROCEDURES

7.1 Policies

7.1.1 Gifts, Entertainment, and Hospitality

China Bank Savings Inc. (CBSI) strictly prohibits the solicitation of gifts/donations/sponsorship whether in cash or in kind from clients, suppliers, and other business-related parties. In addition, CBSI strictly prohibits receiving gifts/donations/sponsorship/financial assistance whether in cash or in kind from clients, suppliers, and other business – related parties, except on special occasions.

7.1.2 Outsourcing and Vendor Management

Bribery and Corruption risks are generally greater when the Bank pursues business opportunities from or provides benefits to third-party providers rather than an individual customer acting in his/her individual capacity. Relationships with third-party providers (including intermediaries, contractors, vendors, or suppliers) can create varying degrees of bribery risk to the Bank.

Risks include third-party providers who make corrupt payments when acting for or on behalf of the Bank or provide personal benefits to employees in return for business mandates that may cause harm to the Bank. Suppliers and distributors may also engage in corrupt practices involving governments who corruptly bypass requirements, avoid necessary licensing, or otherwise evade legitimate law enforcement, which creates enormous risks to product quality.

When undertaking due diligence on third parties prior to engagement, the Bank must establish whether the potential vendor:

- has any record or a reputation for bribery or corruption through adverse news media and internal watchlist screening

- is being investigated or prosecuted for any bribery or corruption related offence, or has been convicted
- is closely related or connected to a government official who will be involved with or can influence the process

In effect, CBSI ensures that it complies with all applicable outsourcing and vendor management laws and regulations. The Bank's accreditation process is implemented to maintain an effective and qualified pool of vendors from application to data governance to protect the interest of the Bank, its clients and other stakeholders.

The accreditation of the suppliers shall be approved by the Procurement Committee with the basis of having favorable results from background checks. Once approved, the supplier will be included among the list of Accredited Suppliers of the Bank. The process shall be properly documented from accreditation, to delivery, to documentation of receipts and invoices, to contract review, to performance evaluation.

7.1.2.1 Third Party Contracts and Agreements

The contract/agreement with third parties shall:

- Disclose that anti-bribery and corruption measures are being adopted by the Bank wherein the vendor will be contractually bound to comply with those measures, and that any act of bribery or corruption may result to civil penalties.
- Declare the absence of any conflict of interest may arise as a result of economic interests, political or national affinities, family, or any other relevant connection or shared interest with any employee or board member of the Bank.
- Declare that nothing contained in the contract/agreement shall be deemed to constitute either party a partner, joint venture or employee of the other party for any purpose.

The Bank may terminate contracts and agreements with third parties that violated the ABC Policy or are not in compliance with the contractual terms.

7.1.2.2 Internal Audit Controls on Third-Party Providers

As an added control measure, the Internal Audit Group conducts a comprehensive audit, as necessary, on the third-party service provider which will include a review of controls and operating procedures that help protect the Bank from losses due to irregularities and willful manipulations.

7.1.2.3 Fourth-Party Relationships

For fourth-party relationships, the Bank should retain the ability to maintain similar control over its outsourcing risks when a third-party service provider uses subcontractors in the course of rendering services. The agreements shall contain a clause that sets out the rules and limitations on subcontracting wherein the contracting provider shall remain fully responsible with respect to parts of the services which were further outsourced to subcontractors.

7.1.2.4 Off-Shore Outsourcing

If the outsourced function of a third-party service provider is performed in a foreign country, the government policies, country risk, legal conditions and regulatory developments, and its business continuity management plans and exit strategy shall be considered during risk assessment process, with due diligence and on a continuing basis.

The Bank shall ensure that foreign-based third-party service providers are in compliance with applicable local and foreign laws and regulations.

7.1.2.5 Outsourcing within a Group/Conglomerate

The Outsourcing and Vendor Management Policy, guidelines, practices and requirements of outsourcing to third-party service providers shall also be applied when outsourcing within a business group including its head office, another branch or related company given that the service is rendered to subsidiaries, affiliates and companies related to it by at least 5% common ownership or the service is rendered to its own depositors on account of the bank being a depository.

If the Bank, acts as a service provider within its group, the Bank shall maintain the confidentiality of deposits and investments in government bonds, and personal information as defined in RA 1405 and other applicable laws, the documentation of the roles and responsibilities of each in the outsourcing arrangement in a service level agreement or an equivalent document, and the prohibition on cross-selling unless allowed under applicable laws and regulations.

7.1.2.6 Oversight Program

The Bank's oversight program will generally include monitoring of the third-party service provider's quality of service, risk management practices, financial condition, and applicable controls and reports. Results of oversight activities for material outsourcing arrangements shall be periodically reported to the Bank's Board of Directors or designated Management Committees.

7.1.2.7 Escalation of Issues

All business units that handle the implementation of the Outsourcing and Vendor Management Policy may immediately report any policy deviations and issues related to bribery or corruption to the ABC Officer or through the Whistleblower Policy of the Bank where identified weaknesses should be documented and promptly addressed. Should the vendor be part of any news report related to money laundering, terrorist financing, bribery, or corruption, the same shall be reported to the ABC Officer which shall subject to enhanced scrutiny and if possible, reported as suspicious transaction.

7.1.3 Whistleblowing Policy

Whistleblowing is one of the most effective ways to detect and prevent bribery and corruption as it is considered an alternative channel for reporting suspected violations of integrity standards.

CBS is committed to the highest standards of quality, honesty, transparency, and accountability. To demonstrate this commitment, CBS has put in place a mechanism to effectively deal with wrongful acts promptly to safeguard the trust its stakeholders and the public. CBS believes that when an issue is disclosed at the earliest possible time, a resolution can be reached before it gets out of hand and before irreversible damage occurs. CBS also believes that the usual chain of reporting may not always be effective because of fear of reprisal and retaliation. Therefore, there is a need to set up an alternate avenue where any individual may, in confidence, report wrongful acts, malpractices or improprieties internally. Transparency in internal communications and good faith in dealing with a report will characterize this policy and referred to as the CBS Whistleblowing Policy. An Operating Manual that provides the framework of executing this Policy will be prepared.

I. OPERATING MANUAL

A. Objective

This seeks the help of any individual to ensure that wrongful acts in the Bank are reported promptly. It ensures that the WHISTLEBLOWER is not subjected to harassment and all forms of retaliation. It shall avoid legal liability through prompt action and resolution as well prevent as reputational damage. This sets forth a reporting process that may not go to the normal reporting lines. This policy shall not further any personal disputes, question financial or business decisions taken by the Bank, its Board of Directors, and officers, or should not reconsider any case or matter which has been addressed through the administrative or disciplinary administrative processes that are in place. Specifically, it is not intended to take the place of the existing policy and procedure on cases under the authority of the Administrative Investigation Committee (AIC) Committee or other authorized disciplinary processes.

B. Definition of Terms

1. PROTECTED DISCLOSURE refers to any good faith communication that discloses information that may evidence an irregular/improper activity or any condition that may significantly threaten the good image of the Bank or information that threaten the safety and security of the personnel and/or Bank properties.

2. WHISTLEBLOWER may be any Bank personnel, director, related-interest, or any other person providing services to the Bank like consultants, contractual/agency personnel and commission-based agents. It can also refer to third parties like clients, outsourced service providers, suppliers, employees of affiliates, beneficiaries, former employees or any other person or entity who participate or seek to participate in the Bank's activities or have knowledge of any act or transaction that is detrimental to the interests of the Bank. The WHISTLEBLOWER's role to make a PROTECTIVE DISCLOSURE, a reporting party, not an investigator, and not a party who can determine appropriate corrective or remedial action as may be warranted.

3. DESIGNATED OFFICER is a responsible officer of the Bank who is authorized to receive whistle-blowing matters. They will be the Head of Human Resources, Chief Audit Executive, Head of Risk, Chief Compliance Officer and the President.

3. GOOD FAITH characterizes all proceedings under this policy. Disclosures are protected because it is expected that they are reported with honest intent, without malice or consideration of personal benefit and the personnel has a reasonable basis to believe that the report is true. Good faith is lacking when the disclosure is known to be malicious or false.

C. Scope

The execution of this Policy will cover the following:

1. The WHISTLEBLOWER who reports a reportable behavior, concern or information relating to the reportable behavior, which occurring or has occurred in the Bank

2. All wrongful acts that adversely impact the Bank and its stakeholders which may include but are not limited to:

2.1 Malpractice or impropriety relating to internal controls and all aspects of Bank operations, front and back-end;

2.2 Fraud or indiscretion;

2.3 Violation of the Code of Ethics or its equivalent and other rules and regulations of the Bank;

2.4 Unauthorized/illegal/improper/unethical use of Bank's funds/property/resources;

- 2.5 Improper conduct or unethical behavior likely to damage the good name and reputation of the Bank;
- 2.6 Breach of legal or regulatory requirements;
- 2.7 Breach of any law of the country or impending miscarriage of justice;
- 2.8 Endangerment of the health and safety of employees and other stakeholders
- 2.10 Indulgence in corruption and participation in activities lead to bribery and the like.
- 2.11 Physical abuse;
- 2.12 Immoral or scandalous acts which may have an impact on the reputation of the Bank or which affect the credibility of the officers involved;
- 2.13 Abetting, aiding, concealing or deliberately permitting the commission of the above; and
- 2.14 Such other acts or transactions analogous to those enumerated above which may cause risk or loss to the Bank, affect its reputation, or constitute a criminal offense.

D. Responsibilities

1. The Bank shall respect the rights of all parties involved in a WHISTLEBLOWING REPORT and accord everyone due process.
2. WHISTLEBLOWERS should act in good faith and should not make false accusations when reporting of misconduct committed by the complained employees/suspects.
3. Complained employees/parties should cooperate with the investigators. The Bank respects their rights as provided for by laws and Bank policies.
4. Investigators derive their authority from the designated officers as aforementioned on ad-hoc basis, or to internal or external auditors, as necessary. They shall handle all matters seriously, promptly and in strict confidence. All investigators shall be independent and unbiased both in fact and appearance. They should maintain confidentiality of any information they know or in their possession by virtue of their appointment as investigators herein.
5. Investigation participants who are interviewed or asked to provide information have a duty to fully cooperate with the investigators. Participants should refrain from discussing or disclosing matters concerning the

investigation.

6. Human Resources Head or designated alternate can impose sanctions based on the Code of Ethics for any party that misrepresents, lie, act in bad faith, or perform acts inimical to the interest of the Bank and its stakeholders while involved in a report covered by this Policy.

E. Reporting Line

1. Reporting through the normal channel which is to the immediate supervisor may not be used if, for some reason, the WHISTLEBLOWER does not feel comfortable to report through his immediate superiors and has the right to take his concerns directly to any one of the DESIGNATED OFFICERS below:

1.1 Head of Human Resources Group

1.2 Chief Audit Executive

1.3 Chief Risk Officer

1.4 Chief Compliance Officer

1.5 The President

2. Depending on the seriousness and sensitivity of the issues involved, the whistle-blower may directly approach the President and/or CEO or the Chairperson of the Board of Directors.

3. A member of the Board may raise concerns to the Chairperson of the Audit Committee, Chairperson of the Corporate Governance Committee or to the Chairperson of the Board of Directors.

F. Mode of Reporting

1. In writing

1.1 The WHISTLEBLOWER REPORT template is accomplished by the WHISTLEBLOWER. The report can be submitted via email (whistleblowing.cbs@chinabank.ph), post mail, personal delivery or through messenger to the DESIGNATED OFFICER contacted. If the reporting is via email, the subject must be "CBS Whistleblower" for ease of identification. The WHISTLEBLOWER may accomplish and attach the whistleblower report to the email.

1.2 Messages through social media accounts will be acceptable only if they are in the proper form and sent through the prescribed modes.

2. By telephone

If the reporting is through telephone, but the WHISTLEBLOWER refuses

to execute a written report, the WHISTLEBLOWER shall be interviewed by any of the DESIGNATED OFFICER contacted guided with the questions in the WHISTLEBLOWER REPORT template which will serve as record of the reporting.

3. In person

The WHISTLEBLOWER REPORT may be hand carried to the DESIGNATED OFFICER. If the WHISTLEBLOWER prefers an informal conversation and refuses to execute a written report, the conversation shall be guided with the questions in the WHISTLEBLOWER REPORT template to serve as a record of the report.

4. Anonymously, if preferred.

Notwithstanding the anonymous nature of the reporting, the DESIGNATED OFFICER contacted shall use the WHISTLEBLOWER REPORT template as a guide to put on record sufficient information that would help in investigating the reportable disclosure.

5. In whichever mode of reporting used, as applicable, additional information may be obtained or inquired from the WHISTLEBLOWER which may help in ascertaining the veracity of the report.

G. Contents and Timing of the Report

1. All the relevant facts known to the WHISTLEBLOWER must be as specific as possible, including, but not limited to, what occurred, the date/s and place of occurrence, and who was/were involved. A reasonable ground for concern must exist.

2. Since delay can compromise accurate recall, report must be filed as soon as possible, as soon as enough supportable information is available. WHISTLEBLOWERS shall refrain from obtaining evidence for which they do not have a right of access, or the manner of accessing such evidence is against policy or the law.

3. Receipt of a report on whistle-blowing matter by any of the DESIGNATED OFFICER shall be acknowledged immediately.

B. Investigation

1. Upon receipt of any information, the DESIGNATED OFFICER shall determine the veracity of the information reported. Supporting documents, if available to the whistleblower, may be required to be submitted for evaluation. As applicable, additional information may be obtained or inquired from the WHISTLEBLOWER which may help in ascertaining the veracity of the report.

2. The report received shall be forwarded to the HR-Employee Relations Head or his/her alternate for appropriate logging in a WHISTLEBLOWING

REGISTER that shall be established for whistleblowing cases which will be maintained in a secured shared folder. As soon as the report is registered, it is now considered a PROTECTED DISCLOSURE.

3. Should the DESIGNATED OFFICER contacted determine that the information disclosed by the WHISTLEBLOWER falls within any of the established procedures of handling complaints or irregularities in the Bank, the matter will be endorsed to the following:

3.1 HR-Employee Relations (if an AIC hearing before if warranted);

3.2 Committee of Decorum and Investigation for sexual harassment cases

3.3 Internal Audit, Compliance Unit or other offices assigned to conduct investigation on a given complaint/concern.

4. Some concerns may be addressed without the need for detailed investigation. Hence, the DESIGNATED OFFICE, in coordination with other DESIGNATED OFFICER, can already decide and close the issue at hand. All decisions shall be ratified by the PRESIDENT or the CHAIRPERSON OF THE BOARD.

5. If in the judgment of the DESIGNATED OFFICER, the protected disclosure contains delicate information and requires discrete handling to avoid unnecessary repercussion or protect the privacy of parties, he shall consult other DESIGNATED OFFICERS and do the following, even if the PROTECTED DISCLOSURE or information falls within the jurisdiction of other existing Committees or investigating bodies.

5.1 deliberate among themselves; and

5.2 decide to delegate the investigation to any of the following to conduct a more in-depth investigation of the reported activity or transaction, taking due care of the confidential nature of the information reported and the request for confidentiality of the WHISTLEBLOWER's identity:

a. Internal Audit;

b. Ad-hoc Committee especially formed for the investigation of a whistle-blowing matter at hand;

c. External Auditor or other external service providers; or

d. Law enforcers, in coordination with the Bank's Safety and Security policies, if applicable.

5.3 For whistleblowing matters of an administrative nature,

investigation should be conducted pursuant to procedural due process provided under the law.

6. For concerns raised against any of the DESIGNATED OFFICERS or the Chairperson of the Board, the contacted officer shall have the discretion on how the investigation shall proceed. The investigation may also be delegated to an Ad-hoc Committee or an external service provider.

7. Subject to legal and confidentiality constraints, the DESIGNATED OFFICER contacted shall inform the WHISTLEBLOWER via email, meeting, or telephone of regular updates on the investigation as well as the outcome thereof. If the report was made in anonymity and the WHISTLEBLOWER refuses to put on record any conversations, the DESIGNATED OFFICER shall make record certifying to the veracity of the report/update made.

C. Protection of the WHISTLEBLOWER

1. Confidentiality

1.1 The confidentiality of the WHISTLEBLOWER's identity shall be maintained to the extent possible unless disclosure of such identity is imperative to aid in the investigation. In such eventuality, the WHISTLEBLOWER shall be informed of such beforehand to obtain his/her consent.

1.2 Only the DESIGNATED OFFICER contacted can speak to the WHISTLEBLOWER, unless the latter agrees otherwise.

1.3 The Bank expects the same level of confidentiality from the WHISTLEBLOWER. If the WHISTLEBLOWER discloses his/her identity to others, the Bank shall no longer be obligated to maintain the confidentiality of his/her identity.

2. Non-Retaliation

2.1 A WHISTLEBLOWER shall not suffer harassment, retaliation, or adverse employment consequences. Any person who retaliates against any individual who makes a protected disclosure shall be subjected to disciplinary sanction meted out to grave offenses.

2.2 The right of a WHISTLEBLOWER for protection against retaliation shall include full immunity/exoneration for his/her wrongful act or participation in the reported irregularity and shall be a bar to future prosecution for the same offense and shall free him/her from any penalty, forfeiture, and/or civil

liability, provided that the testimony of the WHISTLEBLOWER blower can be substantially corroborated in its material points and the following conditions are met:

a. There is necessity for the testimony of WHISTLEBLOWER for the case to be pursued, or there is no other direct evidence available for the proper prosecution of the offense committed, except the testimony of said WHISTLEBLOWER; and

b. WHISTLEBLOWER appears to be not the most guilty.

2.3 In case the WHISTLEBLOWER believes he/she has been retaliated against for whistleblowing, he/she may seek redress or file a formal complaint to any of the DESIGNATED OFFICERS.

3. Protection and Security

3.1 When there is reasonable concern that the WHISTLEBLOWER or his/her family may suffer personal injury or threat to their safety, the PRESIDENT, upon recommendation of the DESIGNATED OFFICER contacted, or in his own discretion, must take immediate action to secure the WHISTLEBLOWER and/or his/her family. This may mean providing extraordinary arrangements and financial support for the security of the WHISTLEBLOWER.

3.2 For external (non-employee) WHISTLEBLOWERS, the PRESIDENT, or his designated alternate in case of absence, or the Chairperson of the Board, shall commit the Bank to provide reasonable and appropriate assistance to secure his/her protection.

3.3 The WHISTLEBLOWER, who is an employee of the Bank, shall be guaranteed employment protection by the Bank, provided that the WHISTLEBLOWER is not a principal participant to the act or transaction subject of the protected disclosure or is not the most guilty among the participants to the disclosed information as determined by the investigating committee/person/body.

3.4 The following, subject to decision and approval of the investigating committee/person/body, are the remedies available to the WHISTLEBLOWER against whom there has been a retaliation due to his/her disclosure:

a. Reinstatement to the same or

comparable position in salary, responsibility, opportunity for advancement and job security;

b. Back benefits and pay, compensatory damages due to financial losses and significant emotional distress including physical ailments due to retaliatory actions, and adjudicatory expenses and other costs associated with claim due to retaliation;

c. Transfer, upon request of the WHISTLEBLOWER, to another unit/department of the Bank;

d. Intangible benefits, including public recognition of the vindication of the WHISTLEBLOWER, and in appropriate circumstances, public recognition of the contributions of the WHISTLEBLOWER to the Bank.

D. Rights of Persons Implicated

In accordance with due process requirement of our labor laws, every person implicated by a WHISTLEBLOWER to have committed or is about to commit any action detrimental to the Bank shall be informed of the offense he/she is alleged to have committed or about to commit, the penalty to be imposed if true, and shall be accorded the opportunity to be heard and to present evidence in his/her defense.

E. Implementation of Decision

1. The result of the investigation shall be submitted to the Human Resources Unit Head cc: The President for proper disposition. A report on the disposition will be prepared by HR.
2. Any decision involving an administrative sanction or sanctions under the Code of Ethics shall be submitted for review of the Administrative Investigation Committee (AIC).
3. Execution of the decision on the complained party/suspect may be delegated to his/her head of unit, subject to the supervision of the Human Resources Unit Head.
4. The Whistle-blower shall likewise be informed of the decision and/or other action/s taken on the report or information he/she submitted.

F. Penalties

1. A DESIGNATED OFFICER who does not immediately act on the report submitted to him or shall violate the confidential nature of the identity of the Whistle-blower shall likewise be considered a serious offense under the Bank's Code of Ethics.

2. Other employees who would be remiss in their respective duties and responsibilities, such as the following, shall likewise be sanctioned under the Code of Ethics:

2.1 those designated or tasked to conduct an investigation;

2.2 those assigned to handle the security of the WHISTLEBLOWER;

2.3 those who have custody of the records of the whistleblowing matters; or

2.4 those who have assumed a role in respect to the whistleblowing matter.

3. Personnel, in any capacity, who would have access or would be privy to the whistleblowing matter are expected to maintain the confidentiality of the information and any person who would violate the confidentiality of the WHISTLEBLOWER shall also be held accountable.

4. Any form of retaliation undertaken by a Bank employee against any person for reporting an irregularity in good faith shall be considered a serious offense under the Bank's Code of Ethics.

5. The policy assumes that the WHISTLEBLOWER's is acting in good faith and will not make false accusations when reporting the wrongdoing done. An employee who knowingly or recklessly makes statements or disclosures that are not in good faith shall be subject to disciplinary sanction under grave offenses.

G. Appeal of the WHISTLEBLOWER

Any appeal (i.e., where the WHISTLEBLOWER is not satisfied with the outcome of the investigation and/or the action proposed to resolve the issue of the protection afforded to him/her against retaliation due to this disclosure) shall be processed in accordance with the appeal procedures in the Bank's Code of Ethics.

H. Policy Oversight and Ownership

1. The Administrative Investigation Committee (AIC), the Corporate Governance Committee and the Audit Committee, as appropriate, have the responsibility of overseeing this policy and its

compliance. The implementation and ownership of this policy shall be with the Human Resources Unit. HR shall submit a periodic, at least quarterly, report to the Corporate Governance Committee or Internal Audit, as appropriate, covering the number of reports received, steps taken and their status.

2. This Policy and Operating Manual shall be assessed in terms of its relevance and effectiveness and shall be updated as needed, to incorporate new CBS strategies, business developments and changes in laws or regulations, if any.

7.2 Implementation

7.2.1 Gifts/Donations/Sponsorship/Financial Assistance Received on Special Occasions

The Bank's Code of Ethics explicitly punishes by suspension/dismissal: (a) Offering or receiving money or other valuable consideration in exchange for a job, position or better working condition; (b) offering, soliciting or receiving anything of value to perform any act/activity prejudicial to the interest of the Bank.

All gifts/donations/sponsorship/financial assistance whether in cash or in kind that were received from clients, suppliers, other businesses, and related parties are prohibited, except on special occasions wherein the employees are subject to the following guidelines:

- Did not receive Gifts/donations/sponsorship or received Gifts/donations/sponsorship below P2,000.00

Employees shall accomplish the Gift List Form (**see Annex A**) and is to be submitted to HRD within the first week of January of the following year.

- Gifts/donations/sponsorship worth P2,000.00 and above

Employees must declare the value of the gift, the giver, and occasion and indicate what action was taken and shall report the same to HRD within two (2) weeks upon receipt of gift/donation by accomplishing the Gift List Form.

- Gifts/donations/sponsorship worth P5,000.00 and above

Employees must report to HRD by accomplishing the "Gift List Form" wherein the gifts/donation/sponsorship will be turned-over to HRD for donation to any legitimate charitable institution. The Gift List Form is to be submitted to HRD within two (2) weeks upon receipt of gift/donation.

- Gifts/donations/sponsorship from superiors/bosses

Employees are encouraged to return or decline gifts from subordinates with value of more than P2,000.00.

The value of the gift, benefit, or entertainment should be estimated by the staff member, in good faith. Business Unit heads should be aware of what gifts, benefits, and entertainment are offered by and to their staff and ensure that staff adhere to the terms of this policy.

On the other hand, the Bank strictly prohibits the offering and providing of gifts, hospitality or other items, including cash or cash-equivalent gifts, sponsorships, or anything to any person or entity to induce improper action or secure an improper business advantage. Incidents on the soliciting and receiving of gifts which are related to bribery and corruption may be reported through the Whistleblower Policy of the Bank.

Recipients of gifts/donations/sponsorship/financial assistance, whether in cash or in kind, shall conduct due diligence and customer verification procedures on the issuer if there is any suspicion of bribery and corruption in order to ensure compliance with this ABC Policy and applicable laws.

7.2.1.1 Monitoring and Oversight

The following procedures shall guide the ABC Officer in providing oversight on the gifts that are being received by the employees of the Bank:

- The ABC Officer shall request from HRD the summary report on the Gift List Forms submitted by the employees in January, once available.
- Upon submission of HRD, ABC Officer will review and assess the report which shall be the basis of determining the risk exposure of the solicitation and receipt of gifts by the Bank. Factors to be considered include:
 - Number of Employees attested versus total number of Employees during the annual disclosure of gifts received by employees in January
 - Number of Employees who received a gift worth PHP 5,000 and above and actions taken
 - Number of employees that received a gift that did not come from a special occasion, if any
- Gifts offered by clients, suppliers, other businesses, and related parties that were not accepted are to be reported to the ABC Officer via email. The report should contain the following information: date declined, giver, description, estimated value, and action taken.
- HRD shall provide a monthly report to the ABC Officer on the gifts received by an employee worth PHP 5,000 and above which includes the actions taken by HRD. Additional information to be provided include the details of the legitimate charitable institution (recipient) and the documentation provided by the recipient as proof of receipt, if applicable.

- The ABC Officer shall review the report provided by HRD to check if the results are acceptable, if there are any policy deviations, and if there are any other issues related to bribery and corruption. The summary of results is to be reported monthly to the CGCOM for notation.

7.2.2 Outsourcing and Vendor Management

7.2.2.1 Conduct Due Diligence on a Third Party

7.2.2.1.1 Regular Due Diligence

The business unit to ask the Third Party/Vendor if they have an ABC Policy in place and request for a copy to support the response.

7.2.2.1.2 The following red flags to trigger concern and appropriate review by the concerned units.

Bribery and Corruption Red Flags on Third Party Due Diligence	
<ul style="list-style-type: none"> • Presence in corrupt country • Poor business reputation • Inaccurate book records • Information provided are not verifiable • Improper payment practices • No Code of Conduct • Previous history of investigation by Law Enforcement Agencies • Information discovered are inconsistent with provided information • Fee is unusually high as compared to market rate • One-time payments to vendors and other third parties • Unusual advance payments 	<ul style="list-style-type: none"> • Request for payments in cash, cash equivalent, or bearer instruments or other anonymous payments • Request of payments be made to another third party • Refusal to provide information, execute written contracts, allow audit clauses, adherence to the ABC Policy • Undisclosed beneficial owner • Makes large political contributions • Multiple ties to the government and public officials • Insufficient capabilities

These red flags may not indicate a violation of anti-bribery and corruption laws, but they may be indicators of potential current or future anti-bribery and corruption non-compliance.

- 7.2.2.2** Conduct of Sanctions Screening (Internal Watchlist) prior to engagement for any record or a reputation for bribery or corruption and if closely related or connected to a government official who will be involved with or can influence the process.

The names of the non-independent directors, beneficial owners, authorized signatories, and key controllers of Senior Management Team shall be screened. The results of the screening performed must be documented with the date and time of the screening specified.

When conducting EDD on a third party/vendor, the business unit to ask the following:

- Enforcement of the ABC Policy as well as consequence management
- Mandatory ABC training and awareness sessions to its Board of Directors, Senior Management Committee, and employees

Request applicable documents to support the above

- 7.2.2.3** Perform periodic review on the third party during the course of the relationship, particularly when considering a renewal of a contract.

Regardless of the risk rating assigned to the third party, management must periodically review the third-party service provider operations prior to renewal in order to verify that they are consistent with the terms of the written agreement and that risks are being controlled.

The Risk Management Division will review and assess the risk management performed by the business unit.

8. MONITORING AND ASSESSMENT

8.1 Compliance Assessment through AML Certification

All Branches, Business Units, Subsidiaries, and Affiliates are subject to quarterly AML certification process to determine the level of effectiveness of the Bank's ABC Policy and its implementation. The objective of the certification is to reinforce to all Employees that ignorance of the law, rules and regulations as well as Bank policies and procedures is not an excuse to non-compliance.

Operating and non-operating units must certify the following:

8.1.1 Board and Senior Management Oversight

The Chief Compliance Officer escalate bribery and corruption issues / concerns to CGCOM.

8.1.2 Internal Control

The Unit must comply with the Policy on Soliciting and/or Receiving Gifts and the Whistleblower Policy. Likewise, the Unit involved in the accreditation of vendor/supplier/third party shall also establish the identity of the same and conduct sanctions screening, which are reported accordingly.

8.1.3 Implementation

The Branch / Unit submits the Gift List Form to HRG on a yearly basis and as needed.

Gifts received during special occasions that are worth at least Php 5,000 are escalated to the AML Compliance Officer / CCO and are reported to HRD.

Gifts offered by clients, suppliers, and other business-related parties during non-special occasions worth at least Php 5,000 are escalated to the AML Compliance Officer / CCO and are politely declined.

8.1.4 Training

All Branch / Unit personnel undergo AML and ABC training as well as continuing training on AML.

Deadline on the submission of AML Quarterly Compliance Certification to the designated Compliance Officer shall be every 10th of the month after the reference quarter.

8.2 Compliance Testing and Review Program

The ABC Policy is to be embedded in the Compliance Review Program which aims to assess and validate if policies, procedures and controls in place are properly implemented and sustained.

Compliance testing and review shall be conducted by the Compliance Testing and Review Department of the Compliance Division wherein the outcome of the review process will help evaluate the root causes and existing processes in order to recommend policy and/or procedural changes, as needed. The compliance testing, procedures, results, methodology, corrective actions required, and any other issue that needs to be resolved shall be properly documented for the closure of an exception or finding.

9. TRAINING

Together with AML Training, all employees are required to undergo mandatory ABC Training wherein existing employees are required to participate in refresher courses within a period of 18-24 months. AML and ABC Trainings shall be in the form of classroom trainings, modular

workshops, on-site trainings, branch/unit meetings, compliance reviews, home study exams and surveys.

ABC Training shall include relevant definitions and references to applicable internal policies, procedures, and /or laws and regulations, and practical examples, which present potential scenarios that employees may encounter. In addition, the training shall also include information on the escalation of any concerns or suspicious of bribery or corruption.

10. EFFECTIVITY

The above policy shall take effect immediately upon official dissemination/announcement in AML Bulletin or other similar modes of communication bank-wide from the AML Compliance Department.

11. DISSEMINATION

Unit Compliance Coordinators (e.g. BSH) are required to ensure that the contents of this policy are discussed within the branch/business unit. Such discussion shall be recorded including the employees acknowledgement (e.g. signature) affirming that this new guidelines has been discussed and understood.