



ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Anti-Bribery and Anti-Corruption Policy (ABC Policy) sets the minimum standards with respect to the Bank's stance on bribery and corruption and sets out the policies and procedures for the Bank's full compliance with all applicable anti-bribery and anti-corruption laws. The establishment of the ABC policy also supports the Bank's three operational objectives: (1) to secure an appropriate degree of protection for its customers as well as the Bank; (2) to protect and enhance the integrity of the Philippines' financial system; (3) and to promote effective competition in the interests of the Bank's customers.

I. Definitions

A. Bribe

A bribe is an inducement or reward offered, promised, authorized, requested, provided or received for the improper performance of a person's relevant function in order to gain any commercial, contractual, regulatory or personal advantage.

A bribe can include money, or any offer, promise or gift of something of value or advantage. It need not necessarily be of large value and may include meals, entertainment, travel, incentive programs, signing bonuses, an offer of employment, overpaying government suppliers, or rebates or kickbacks in relation to a product or service provided by or to the Bank, bid-rigging, illegal rewards, etc.

B. Bribery

This is the act of offering, suggesting, promising, paying, authorizing or acceptance of a payment to a public official or a private sector representative for their, or another's personal gain with the intention to motivate active or passive deviation from a duty or to secure the performance of a duty.

Both the active and the passive part in an act of corruption are liable, meaning that both the provider and the receiver of the bribe can be held responsible. The liability also covers aiding and abetting others that commit corruption, or wilfully ignoring clear evidence of corruption.

C. Corruption

This is the state or situation resulting from providing, soliciting, authorizing or offering a bribe. It also means the abuse of entrusted power or authority for self-gain, including patently illegal activities such as extortion, fraud, deception, collusion, cartels, embezzlement, money laundering and other similar activities. The foregoing list is not intended to be exhaustive.

D. Public official

This is any official or employee of a government or its agencies or offices, including those who have been selected, appointed, or elected to perform activities or functions in the name of a state or in the service of a state. It also includes any official or agent of a public international organization, private individuals carrying out official state functions, and officials of state owned enterprises or government owned and controlled corporations (GOCCs).

E. Facilitation payment

Facilitation payments are defined as small unofficial payments paid to speed up an administrative process or secure a routine government action by an official. BPI prohibits the making of facilitation payments by the Bank's employees or anyone working on behalf of BPI. Making a prohibited facilitation payment can place BPI and the individual making or authorizing the payment at risk of criminal prosecution.

F. Trading in influence

Trading in influence occurs when an improper advantage is requested, offered, given or received to, or by, a middleman in return for influencing a third person's conduct of his duties. It is not required that

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the decision maker is de facto influenced. It is sufficient that the influencing agent claims that he/she could offer influence and that he/she will attempt to do so. In local parlance, this is also called the “use of fixers”, especially when dealing with local government units or agencies.

II. Key Policies

- A. BPI shall adopt measures towards ensuring compliance with all applicable anti-corruption laws.
- B. All BPI directors, officers and employees must be familiar with and, at all times, act in compliance with this Policy, with Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act) and with all applicable anti-corruption laws and regulations where their work or services are performed. In countries where the local laws are stricter than the standards contained herein, the local laws will prevail.
- C. The Anti-Bribery and Anti-Corruption Policy (ABC Policy) shall apply to all activities and operations of BPI, its subsidiaries and affiliates, irrespective of their jurisdiction, country or business, as well as all directors, officers and employees within the BPI Group. It is the responsibility of all covered parties to read, understand and comply with the policy. This policy must be strictly observed in all public or private sector transactions and dealings with the Bank’s clients, suppliers, business partners and counterparties, as well as with the government, its agencies and offices.
- D. This Policy should be read in conjunction with the Bank’s Core Values, Manual on Corporate Governance, Director’s and Employee’s Code of Business Conduct and Ethics, Conflict of Interest standards and associated policies of the Bank. The Bank has other policies, such as the Whistleblower Policy, that may require reporting of breaches and possible breaches of law, regulation, and policy. Nothing in this policy is intended to limit employee rights or any protections that may be applicable to employees in connection with making any such report.
- E. Anybody who knowingly aids, abets or conceals or otherwise deliberately permits the commission of any irregular, illegal or fraudulent act directed against the Bank shall be considered as guilty as the principal perpetrators of the fraud, illegal act or irregularity.
- F. All employees of the Bank have a duty to cooperate with investigations initiated under this policy.
- G. This policy not only prohibits direct corruption involving personnel within BPI, but also indirect involvement by way of third parties committing corruption on the Bank’s behalf. BPI’s zero tolerance stance with respect to corruption shall be communicated to all business partners at the outset of the business relationship with them and as appropriate thereafter. This prohibition includes falsifying or concealing any books, records or accounts that relate to the business of the Bank, its customers, suppliers or other business partners.

III. Roles and Responsibilities

- A. Board of Directors - The Board of Directors shall approve and adhere to this Policy. It shall likewise ensure that an effective system of internal control and risk management is established for the management of all business risks, including bribery and corruption. The Board shall ensure that there is periodic assessment of bribery and corruption risks as part of the implementation of this policy and effective monitoring thereof.
- B. Senior Management – The Bank’s Chief Human Resources Officer and Human Resources Management Group shall have oversight responsibility for the implementation of the policy. Updates and material issue reporting shall be made to the Audit, Risk Management, Corporate Governance or appropriate committee as may be designated by the Board.
- C. The Heads of the respective business units shall have primary responsibility for achieving compliance with the established requirements of this policy.

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IV. Training and Awareness

- A. Anti-bribery general training shall form part of mandatory training for all employees but may also be tailored to specific risks associated with specific business units or posts.
- B. Effective communication of the policy will also be critical in raising awareness and ensuring compliance of all directors, officers and employees. The policy shall be posted on the company website and internal operating manual database. A regular and continuing information campaign shall also be conducted through the Bank's Lotus Notes system.

V. Compliance Monitoring

- A. Business units shall be responsible for collecting relevant data and internal reporting to assist the Human Resources Management Group in assessing the effectiveness of the policy and program.
- B. The Compliance Office and Internal Audit shall also monitor and conduct periodic reviews that challenge not only whether processes to mitigate bribery and corruption have been followed but also the effectiveness of those processes themselves.
- C. The Policy shall be included in those requiring annual affirmation from directors, officers and employees.

VI. Review and Update of Policy

This policy shall be reviewed and, if necessary, updated at least annually.

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