



BOARD AUDIT COMMITTEE (BdAC) WHISTLE-BLOWER HOTLINE POLICY

Date Effective: Revision 0.0: 7 June 2010
Revision 1.0: 10 June 2013
Revision 2.0: 24 March 2017

I. RATIONALE

Oversight on corporate governance is a vital responsibility of the Board of Directors and its Committees.

In line with the Board of Directors' unwavering commitment to integrity and ethical standards and consistent with Article 20 of the Board Audit Committee (BdAC) Charter, the BdAC of the National Grid Corporation of the Philippines (NGCP) hereby adopts the global best practice of implementing a whistle-blower hotline policy to promote good governance and provide key defense against the occurrence of fraud and disregard of internal controls within the organization.

II. PURPOSE

This policy is intended to provide guidelines in the implementation of an ethics/ whistleblower hotline reporting services in NGCP.

III. SCOPE

This policy shall cover confidential and anonymous reporting of complaints outside of the usual chain of command (whistle-blowing). It outlines the policies and general process for receiving, investigating and reporting of suspected wrongdoing that typically incorporates a telephone hotline and a dedicated email address.

This policy shall be complementary to and consistent with NGCP's Code of Conduct and Discipline ("the Code"), which consists of a set of rules that determines the appropriate behavior or conduct of employees, outlines the procedures for reporting violations of the Code, and the conduct of administrative investigation.

This policy shall apply to all officials and employees of NGCP, Contractors/ Suppliers, including their officials, employees, and shareholders, doing business with NGCP in so far as reporting of any wrongdoing is concerned.

IV. GUIDELINES

A. Hotline facility

1. The ethics/ whistle-blower hotline includes the following facilities: a dedicated landline and mobile telephone numbers and an e-mail address intended to promptly and effectively receive, retain and treat concerns and complaints of any incident of wrongdoing. Calls to the hotline and emails to the dedicated address may be submitted anonymously, or otherwise. All communications made to the hotline shall be kept with utmost confidentiality at all times.

2. The Telecoms and IT groups shall be called upon to set up the technical aspects of the hotline.
 3. The hotline operates 24 hours a day, 365 days a year. The Internal Audit Department/Chief Audit Executive (IAD/CAE) shall be available to entertain incoming calls from the landline during office hours from 8am-5pm, Monday-Friday; it shall be available via voice mail at any other time. The Office of the Board Audit Committee (OBdAC) shall receive concerns via the mobile hotline facility and/or through the dedicated email address and shall be available during office hours from 8am-5pm, Monday-Friday and will be promptly acknowledged; OBdAC has exclusive access to the dedicated email account.
 4. The Secretariat of the WHL shall be IAD and OBdAC.
- B. Whistleblower, non-retaliation; protection of both whistle-blower and subject of complaint
5. A whistle-blower is a person who raises a concern about any wrongdoing occurring in an organization. It covers individuals within the organization as well as external parties who conduct business with the organization.
 6. NGCP adheres to the fundamental principle of ensuring that the whistle-blower will not be subject to any form of retaliation. The form of support (financial, security, legal, others) to a whistle-blower pursuant to the non-retaliation principle shall be determined as needed, on a per case basis. The identity of the whistle-blower who wishes to remain anonymous shall not be revealed.
 7. In support of the non-retaliation principle, the Security Department is responsible for providing adequate protection to the whistle-blower whose identity has been compromised or revealed for any reason, and has indicated intention to avail of said protection.
 8. Depending upon the gravity and/ or nature of the whistle-blower's situation, the appropriate support, protection, and recognition/ commendation as may be determined by management, shall be provided.
 9. The protection measures shall ensue only after the confirmation of the need for protection has been evaluated and approved by management.
 10. The Security Department shall closely monitor the whistle-blower's activities until such time that his/her situation is deemed stable.
 11. The following are safeguards for the protection of the subject of the complaint, especially in cases where the reporting is in bad faith or malicious:

11.1 The WHL Secretariat and the Investigation Panel, the Assisting Counsel - and the Secretariat of the Investigation Panel as defined in the Code are bound by confidentiality.

11.2 Fact-finding and the conduct of formal investigation, when warranted, should be done with utmost discretion, objectivity and competence.

11.3 Information on WHL cases are shared on a need- to- know basis.

11.4 Subject of complaint is given due process as provided for under the Code.

12. Bad faith and malicious reporting and mishandling of confidential information, if proven, shall be subject to the penalties under the Code.

C. Reportable conditions and penalties

13. The reported wrongdoing may fall under any of the acts categorized under the Code (Rule 1 to Rule 7) as against person; morals; company interest; productivity; property; safety, security, health and environment; and information security.

14. Reportable activities include, but are not limited to:

14.1 Questionable accounting practices, breaches of internal controls, questionable matters relating to treasury and the financial statements;

14.2 Bribery, receiving kick-backs or other forms of corruption, corporate fraud, and other unethical or illegal business conduct by NGCP Employees;

14.3 Any conduct which may result in a substantial mismanagement of Company resources or assets;

14.4 Any conduct which may result in a violation of applicable laws, rules or regulations, including non-observance of company policies/ circulars/ memoranda;

14.5 Any conduct that may constitute violation of the Code such as misrepresentation, false representation, conflict-of-interest, sexual harassment, mishandling of confidential/ proprietary company information, gambling, unjust vexation, simple and gross neglect of duty, use of dangerous and prohibited drugs, unauthorized use of company resources, compromising the company's systems and networks, and participation in unauthorized activity during office hours; or

14.6 Any other matter of concern that NGCP Employees, shareholders or other interested persons believe may adversely affect the NGCP and/or NGCP Employees.

15. Any wrongdoing reported via the hotline facilities shall carry the same penalties prescribed under the Code.

16. Information relayed thru the WHL is considered received by NGCP at the time it was reported. An information/allegation is considered valid if it is specific, verifiable, credible and material. NGCP is bound to act on the same as it deems appropriate under the circumstances, even when the whistle-blower changes his/ her mind or “withdraws” the complaint/ allegation.

D. Procedure

17. The general process flow for the treatment of any whistle-blower complaint is outlined in Annex 1.

18. The designated hotline recipient (i.e. IAD/CAE for the telephone hotline and OBdAC for the mobile facility and the dedicated email) shall obtain sufficient information, including documents, to allow an investigation. The following information should be included, as applicable:

18.1 Whistle-blower’s Full Name, Phone Number or Email Address, Position Title; or if anonymous, any contact information;

18.2 Date/s and Time/s Incident Occurred;

18.3 Detailed Description of Complaint of the specific actions that constituted the alleged improper activity or condition (what, where, when, how and who else may be aware of the incident);

18.4 Names of any potential witnesses;

18.5 Documentation, if available, to support the allegations of improper activities or threatening conditions;

18.6 If documentation is not available/ not provided by the whistleblower, descriptions of documents that may support the allegations and where these can be found;

18.7 Suspected Person(s) Involved; and

18.8 If possible, whistle-blower’s signature, the date when disclosure was signed, and a sworn statement under penalty of perjury that the disclosure is true or believed to be true.

19. Any report without any supporting documents or descriptions of documents (such as, but not limited to, Purchase Requisition (PR), Purchase Order (PO), Disbursement Voucher (DV), Request for Payment (RFP), Official Receipts (OR), Contract, Logbook, Time

Sheets, etc., as applicable) that may support and/or verify the allegations shall not be entertained.

20. A case management system shall log all calls/ emails and their follow-up to facilitate management of the resolution process, testing by internal auditors and oversight by the BdAC.
21. All reports to the hotline shall be sorted/screened by the WHL Secretariat to assess whether the allegations are valid as defined in item 16 of this Policy. During said assessment, clarification and additional information may be sought from the whistleblower. If information is found sufficient after the initial assessment, IAD fact-finding shall commence. If not, OBdAC shall record the reasons for not pursuing the case but shall retain the information in its database for six (6) months until additional information relative to the case is received. If no additional information is received after six (6) months, the case shall be removed from the database.
22. In evaluating materiality, the following may serve as guide:
 - 22.1 The matter is the result of a significant internal control or policy deficiency that is likely to exist at other units within NGCP.
 - 22.2 The matter affects the integrity of the financial statement reporting.
 - 22.3 The matter is likely to receive media or other public attention.
 - 22.4 The matter involves the misuse of NGCP resources or creates exposure to a risk or adverse consequence for NGCP.
 - 22.5 The matter involves allegations or events that have the likelihood of being the result of a criminal act (e.g., disappearance of cash).
 - 22.6 The matter involves a significant threat to the health and safety of employees and/or the public.
 - 22.7 The matter is judged to be significant or sensitive for other reasons.
23. The IAD's fact-finding report relative to the complaints under this Policy shall be endorsed by the WHL Secretariat to the Office of the General Counsel (OGC). The Human Resource Talent and Organization (HRTO), as Secretariat of the Investigation Panel, shall be furnished with a copy of the endorsement letter. The OGC shall evaluate the fact-finding report to determine if it merits the issuance of a Notice to Explain (NTE). If so, the OGC shall prepare the NTE in consultation with the WHL Secretariat.
24. All pertinent Rules and Procedures under the Code will apply in all cases originating from the WHL Policy.



BOARD AUDIT COMMITTEE (BdAC)
WHISTLE-BLOWER HOTLINE POLICY

Date Effective: Revision 0.0: 7 June 2010
Revision 1.0: 10 June 2013
Revision 2.0: 24 March 2017

25. Allegations/ reports shall be appropriately and fairly investigated. NGCP may conduct the full investigation internally, or engage the services of external experts such as outside counsel, independent accountants or a private investigation firm, as it may deem necessary, to provide inputs to the investigation. Any investigation to be conducted with the help of external parties shall be subject to the BdAC's prior approval.
 26. Sharing of information on all allegations, including supporting data, shall be to a limited extent necessary to:
 - 26.1 Conduct a full and fair investigation of the matter reported, and
 - 26.2 For NGCP to take any corrective action as a result of any such report or call, except for situations requiring disclosure obligations to regulatory and/or judicial authorities.
 27. A person involved in the investigation as member of the Investigation Panel or Secretariat shall inhibit himself/herself or, may withdraw voluntarily if there is any perceived and/or actual conflict of interest in the investigation. Otherwise, once a conflict of interest is ascertained, the concerned personnel shall be taken out of the investigation of the case.
 28. For WHL cases, the WHL Secretariat shall be furnished with a copy of the Report and Recommendation and the Notice of Decision. It shall also be furnished with quarterly updates on the status of all ongoing cases referred by the IAD. In general, for WHL cases involving Department Manager and above positions, and for grave offenses, the report shall be formally presented to the BdAC for their information.
 29. The Disciplining Authority shall be as prescribed in the Code.
 30. The OBdAC shall maintain a file of all reports and actions taken to address reported allegations, including the fact-finding and the formal investigation reports. These documents shall be classified as confidential and access shall be on as need basis as determined by the BdAC. Files shall be retained for a period of five (5) years.
 31. There shall be a process for reporting back to the whistleblower on a timely basis, where possible, the milestones on the case, including the final outcome of the investigation and the action taken, with due consideration on the confidentiality clause - of the Code. All matters discussed during all stages of disciplinary proceedings shall be held confidential. Only interested parties who have taken part in the disciplinary proceedings shall have access on the documents relative to the case and/ or shall be disclosed or released upon the order of a duly authorized representative of the Company, quasi-judicial bodies or courts.”
- E. Expectations and information campaign
32. Every employee is expected to report violations of NGCP's policies and procedures consistent with the Code. This policy provides another avenue for reporting.

33. Employees are also encouraged to discuss ethical issues with their supervisors when in doubt about the best course of action to follow in a particular situation.
34. The WHL Secretariat (IAD and OBdAC), in coordination with other concerned groups such as -HRTO, OGC and Security Department as appropriate, shall periodically conduct campaigns such as roadshows and the distribution of comprehensive educational material, pamphlet, brochure to raise awareness of the hotline among potential users.
35. All employees shall be given a copy/ brochure on the hotline policy and shall be required to execute a certificate indicating that they understand and will comply with the WHL Policy as well as with the Code at the time they join the company, and every time amendment/revisions to the WHL Policy and the Code are made. HRTO shall prepare the certificates and facilitate this process.
36. HRTO shall maintain the file for the certificates. The person submitting the certificate is advised to retain a copy for his/her records. The WHL Secretariat shall be furnished with copies of certificates containing any comment or qualification.
37. The hotline numbers and email address and other contact information shall be provided on NGCP's public web site and intranet, in the corporate publications/ newsletter, and other company forms and documents, as appropriate.

F. Effectiveness review

38. IAD shall periodically evaluate the design and operating effectiveness of the hotline. It shall, among others, evaluate (a) how the hotline reflects changes in the company's operations and in best practices, (b) whether the hotline is receiving satisfactory support from management, employees, and other participants, and (c) whether protocols established for forwarding information to the BdAC have been followed.

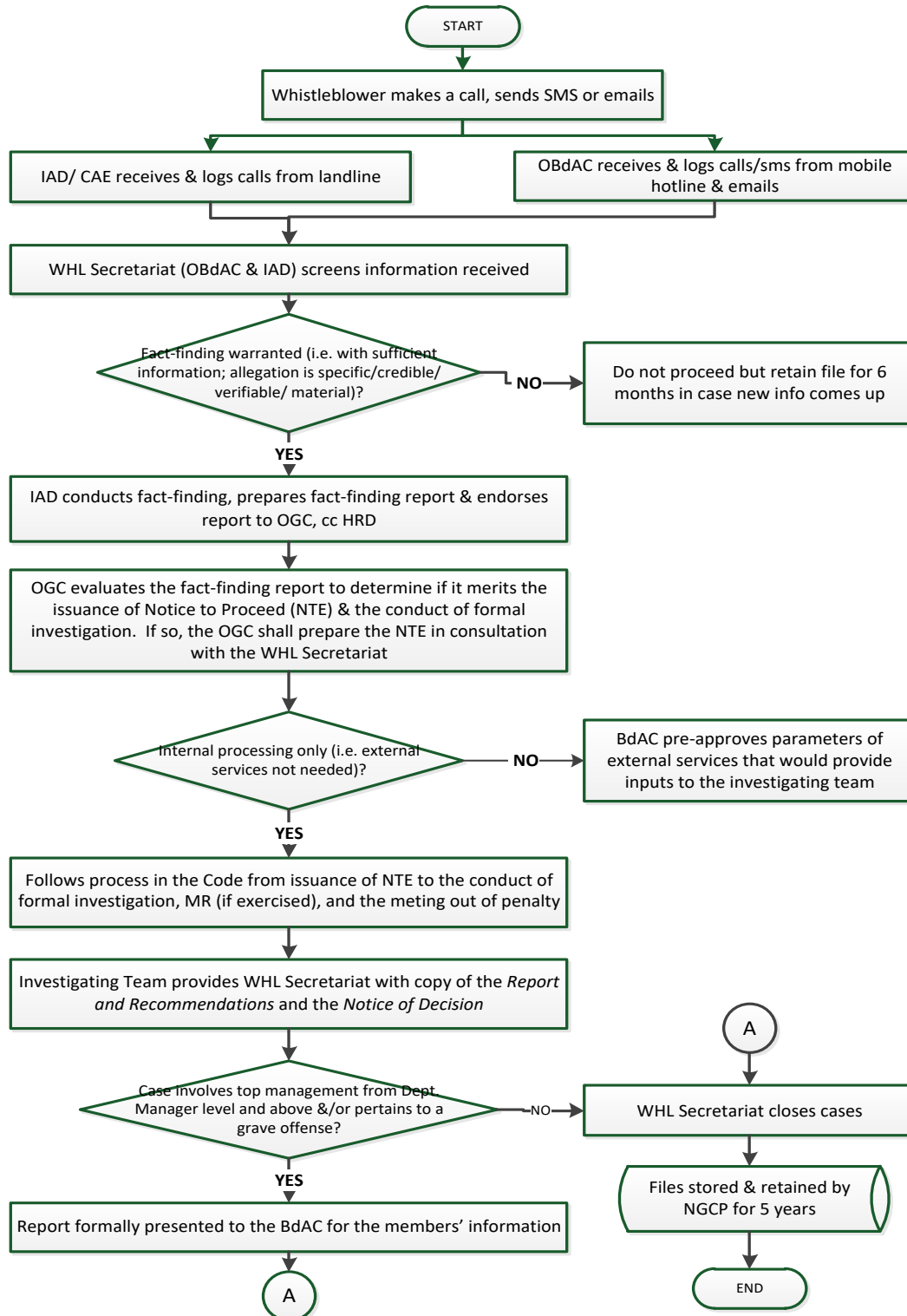
G. Implementation

39. An implementation circular for this policy shall be subsequently issued by Management wherein the hotline number and the dedicated email address shall be specified.

V. AMENDMENTS

This policy shall be subject to periodic reviews, and amended as necessary by the BdAC, with prior consultation and coordination with pertinent groups. The CAE shall be responsible for updating the whistleblower policy documents and communicating such amendments/updates to all concerned. Amended implementation circulars shall be issued by Management as necessary.

ANNEX 1: GENERAL PROCESS FLOW FOR WHISTLE BLOWER HOTLINE



F E E D B A C K T O W H I S T L E B L O W E R