

## WHISTLE-BLOWING POLICY

PACIFIC ONLINE SYSTEMS CORPORATION (POSC or the Company) is committed to the highest standards of ethics in compliance with all applicable laws, rules, and regulations as it conducts its business as a good corporate citizen. This commitment and standard of conduct governs POSC's relationships with its customers, suppliers, shareholders, competitors, the communities it operates in, and with employees themselves at every level of the organization.

The Codes which the Company adopted include policies and guidelines that are consistent with the principles and values which the Company promotes when performing services for, or on behalf of, the Company. The Codes set out the behavior that directors, officers, employees and suppliers should adhere to in the conduct of day-to-day undertakings.

### I. Purpose

The purpose of the Whistle-Blowing Policy is to provide formal mechanism for employees as well as suppliers and even third parties to submit reports on improper activities and/or suspected violations perpetrated by POSC's directors, officers, and employees, as well as the suppliers, with regard to the Company Policies, Employee Code of Conduct, Revised Manual on Corporate Governance, and the Securities Regulation Code. Reports submitted by whistle-blowers through available channels which include web portal, email, or postal service, done anonymously or otherwise, will be investigated according to the protocols established in this policy. Complaints made in good faith shall be protected by keeping the information confidential including the identity and source of information to the full extent allowed by law. The policy should also consider means to protect whistleblowers from retaliation and fairness in the handling of a disclosure or complaint.

### II. Definition of Terms

"Improper activity or conduct" refers to any activity perpetrated by any of POSC's directors, officers, employees, and suppliers which is a violation of the Company's Employee Code of Conduct; a violation of the Revised Manual on Corporate Governance; violation of the Securities Regulation Code; fraudulent reporting practice including internal controls, accounting, auditing and financial matters; misappropriation of assets and other unethical behavior.

"Whistle-blower" refers to a person making a disclosure of information that may be an evidence of improper activity or conduct.

"Whistle-blowing" refers to a situation where a person (an employee or third party, etc.) decides to report serious concerns about any suspected misconduct, malpractice or irregularity which he has become aware of or genuinely suspects that the Corporation has been or may become involved in.

### III. Reporting of Any Illegal, Improper Conduct or Unethical Behavior

Any person (including employees, suppliers and even third parties) who has knowledge of suspected illegal, improper or unethical behavior committed by any directors, officers, employees and even suppliers especially in the conduct of business with POSC are encouraged to report and disclose information or raise serious concerns relevant to suspected or observed misconduct, malpractice, or irregularity in a responsible and effective manner through confidential reporting channel.

Whistle-blowing matters may include but are not limited to:

1. Violation of the Employee Code of Conduct and Revised Manual on Corporate Governance;
2. Violation of the Securities Regulation Code and other relevant laws including breach of legal and regulatory requirements;
3. Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters;
4. Misappropriation, misuse or abuse of the Company's assets;
5. Improper conduct or unethical behavior prejudicial to the interest of the Company;
6. Deliberate concealment of any of the above.

#### **IV. Protection and Confidentiality**

The Company shall make every effort treating all disclosures in a confidential and sensitive manner after receipt of any reports concerning about any of the above whistle-blowing matters. The identity of the whistle-blowers (individual employee or supplier and even third parties) making genuine and appropriate allegation under this Policy are assured of fair treatment. Whistle-blowers who raise an issue in good faith should not be at risk of suffering any form of retribution as a result even if it is subsequently found that the whistle-blower was mistaken.

Specifically, employees who made disclosures in good faith and with reasonable belief that improper activity has been committed are also assured of protection against unfair dismissal, demotion, any form of harassment or discrimination; current or future bias on performance evaluation; victimization or unwarranted disciplinary action, even if the concerns cannot be fully substantiated or turns out to be untrue.

If the whistle-blower is not an employee but a supplier of goods or services, the whistle-blower shall not be denied future business with the Company solely on the basis of having made the disclosure, unless it also appears for a fact that the whistle-blower participated in the improper activity with sufficient knowledge that the same was illegal, prohibited, unethical or would be for the detriment of the Company. The whistle-blower shall be entitled to the protection under this Policy provided that he himself is not complicit to improper activity reported.

The Company reserves the right to take appropriate actions against anyone who initiates or threatens to initiate retaliation against those who have raised concerns under this Policy. In particular, directors, officers and employees who initiate or threaten retaliation will be subject to disciplinary actions, which may include suspension and/or summary dismissal.

Management shall support all employees and other whistle-blowers and encourage them to raise concerns without fear of reprisals.

#### **V. Reporting Channel, Documentation and Investigation Procedure**

##### **Reporting Channel**

A whistle-blower who has legitimate malpractice concern can raise the matter directly with the Compliance Officer through the following channels:

1. Sending email to a designated email address using web portal;

2. Sending letter addressed to the Compliance Officer in a sealed envelope clearly marked “*Strictly Private and Confidential – to be opened by Addressee Only*” to ensure confidentiality; or
3. Sending emails to [glgatdula@pacificonline.com.ph](mailto:glgatdula@pacificonline.com.ph)

Persons or units within the organization who receive disclosures (in whatever form, including verbal disclosure) shall forward or relay the disclosures to the Compliance Officer for proper action in accordance with this Policy.

The Compliance Officer shall review the complaint and recommend to the Board of Directors whether an investigation should be conducted or special fact-finding committee be created, if warranted, depending on the gravity, sensitivity or complexity of the issue as reported.

If the report concerning misconduct is done anonymously, the complaint may be considered. However, if it is very difficult to assess whether or not an anonymous letter is genuine or malicious, and evidence given cannot be readily obtained, it will not necessarily trigger the start of an investigation. Nonetheless, reasonable efforts should be expended to gather such needed information to allow the Company to deal with the matter properly; after which the Compliance Officer within reasonable time recommend for an investigation, if so warranted.

### **Reporting Format and Supporting Documentation**

Disclosures can be made in writing or by using the standard form (Whistle-blower Report Form) attached to this Policy. Verbal disclosures must be reduced to some form of writing and persons receiving verbal disclosures who would want to ensure that the complaint will be properly acted upon must reduce the same into writing. A whistle-blower shall have the option to identify himself and/or the sources of his information, if any, withhold his identity and/or that of his sources.

Disclosures must allege the specific facts that have led the whistle-blower to believe that an improper activity or conduct has been, or is being, committed. The specific information in the disclosure and supporting documentation, if any, will allow the Compliance Officer to make a proper assessment of the need, nature, extent and urgency of investigation. The disclosure should be supported by evidence, or at least include sufficient details which can be validated and used as bases for conducting an investigation.

### **Investigation Procedure**

Without prejudice to the provisions of the Employee Code of Conduct on the procedure of handling administrative cases and/or of the Revised Manual on Corporate Governance on the evaluation of purported violations of the Manual, the procedures herein promulgated may be used by the Compliance Officer in the investigation of reported improper activity or conduct.

The format and length of an investigation will vary depending upon the nature and particular circumstances of each complaint made. The matters raised may be investigated internally, be referred to an external auditor, or become the subject of an independent inquiry.

The Compliance Officer or the person designated to investigate the complaint will write to the complainant whenever reasonably practicable of the concern being received:

1. by acknowledging that the complaint or issue being raised has been received;

2. by advising whether or not the matter is to be investigated further or if so what the nature of the investigation will be; and,
3. by giving an estimate of how long the investigation will take to provide a final response telling the complainant whether initial inquiries have been made or whether further investigation will take place and if not, provide a reason for discontinuance.

The investigating team or special fact-finding committee may be composed of the following:

Head of Internal Audit  
Head of HRMD  
Head of Governance

who shall provide findings of the result of the investigation and recommend sanctions after due process, if warranted, subject to the approval by the Board of Directors. The Compliance Officer may recommend other members of the investigating team or fact-finding committee, if necessary.

In the event that the complaint involves a member of the investigating team or special fact-finding committee as mentioned above, the said member shall inhibit himself from taking part of the evaluation, investigation and reporting of that particular complaint.

Investigation shall be carried out in accordance with company policies and best practices in investigation without compromising the civil rights of any person.

### **Reporting to Other Board Committee and Regulatory Authority**

If the improper activity subject of the investigation has a significant financial risk impact to the company, the report shall be forwarded to the Audit Committee at reasonable time from the receipt of the report. The Audit Committee shall determine if the report shall be further reported to the Board.

If it appears that a director, officer and employee may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities for investigation and appropriate action.

### **Records Retention**

Records shall be kept for all reported misconducts, malpractices and irregularities by relevant parties in the company. In the event a reported misconduct leads to an investigation, the party responsible for conducting the investigation shall ensure that all relevant information relating to the case is retained including details of corrective action taken and maybe included in the employee's 201 files or supplier's accreditation files.

## **VI. Monitoring and Compliance**

Violation or non-compliance with this Policy may result to disciplinary action without prejudice to any criminal and civil liabilities which the Company or authorities may file for violation of existing laws.

Strict observance of these guidelines is therefore enjoined.

### **The Offense and Disciplinary Action**

Violation of this Whistle-blowing Policy may constitute also violation of the Employee Code of Conduct.

**False Reports**

If an employee makes a false report maliciously, with an ulterior motive, or for personal gain, the Company reserves the right to take appropriate actions against the employee to recover any loss or damage as a result of the false report. In particular, the employee may face disciplinary action, including dismissal, where appropriate.

Section \*\* of Article \*\* (Offenses Against Decency, Good Custom, Honor and Morality) of the Employee Code of Conduct: Making false, vicious, or malicious statement concerning any employee. (Type C offense)

| TYPE OF OFFENSE | LEVEL OF OFFENSE | IMPOSABLE PENALTY                                      |
|-----------------|------------------|--|
| C               | 1 <sup>st</sup>  | Suspension : 6 working days                            |
|                 | 2 <sup>nd</sup>  | Suspension : 15 working days with warning of dismissal |
|                 | 3 <sup>rd</sup>  | Dismissal  |

**Initiate or Threat of Retaliation**

If a director, officer or employee initiates or threatens to initiate retaliation against those who have raised concerns under this Policy will be subject to disciplinary actions, which may include suspension or summary dismissal.

Section 3 of Article I (Offenses Against Person) of the Employee Code of Conduct:

Any act constituting threat, intimidation or coercion against any person, or in any manner unduly interfering with ..... other employees from performing their work..... (Type D offense)

| TYPE OF OFFENSE | LEVEL OF OFFENSE | IMPOSABLE PENALTY                                       |
|-----------------|------------------|---|
| D               | 1 <sup>st</sup>  | Suspension : 30 working days with warning for dismissal |
|                 | 2 <sup>nd</sup>  | Dismissal   |

Likewise, if a director and/or officer is found to be in violation of this Policy and/or the securities laws, the Compliance Officer shall recommend to the Chairman of the Board, for further review and approval of the Board, the penalty for such violation depending on the gravity of the offense which can either be reprimand, suspension or removal from office.

If the suppliers violate any company policies, or were in connivance with employees who violated the Company’s policies as well as the Employee Code of Conduct, Revised Manual on Corporate Governance and other laws, the said suppliers shall be stricken out in the conduct of bidding process and future business dealings.

**VII. Policy Review**

The Board of Directors shall review and assess periodically the adequacy of this Policy. Any provisions may be amended and shall be effective upon due notice given to directors, officers and employees of the Company.

## **ANNEX A: WHISTLE-BLOWER REPORT FORM**

### WHISTLEBLOWER REPORT FORM (CONFIDENTIAL)

*PACIFIC ONLINE is committed to the highest standards of ethics in compliance with all applicable laws, rules and regulations as it conducts its business as a good corporate citizen.*

*This commitment and standard of conduct governs the company's relationships with customers, suppliers, shareholders, competitors, the communities it operates, and with employees themselves at every level of the organization.*

*The Whistle-blowing Policy has been established to provide formal mechanism for whistle-blowers to submit reports on improper activities and/or suspected violations through available channels which shall be protected by keeping the information confidential including the identity and source of information to the extent required by law. The policy also considers the means to protect whistleblower from retaliation and fairness in the handling of a disclosure or complaint.*

*If you wish to make a written report, please use the report form below. Once completed, this report becomes confidential. You may send the report, marked "Strictly Private and Confidential – to be opened by Addressee Only" and addressed to the Compliance Officer, by post to the relevant address below or by email to [glgatdula@pacificonline.com.ph](mailto:glgatdula@pacificonline.com.ph).*



To:  
**THE COMPLIANCE OFFICER**  
PACIFIC ONLINE SYSTEMS CORPORATION  
28th Floor East Tower, PSE Centre  
Exchange Road, Ortigas Center, Pasig City

We encourage you to provide your name with this report. Concerns expressed anonymously are much less powerful but they will be considered as far as practicable.

Name :  
Address :  
Tel No. :  
Email :  
Date :

The names of those involved (if known) and nature of involvement:

The names of those possible witnesses and nature of involvement:

Details of concerns:

Please provide full details of your concerns: Names, dates and places and the reasons for the concerns (continue on separate sheet if necessary) together with any supporting evidence/documents. Please provide also an approximate figure of how much is involved.