



**EXECUTIVE ORDER NO. 043**

Series of 2010

**GUIDELINES ON INTERNAL WHISTLEBLOWING AND REPORTING**

**A. Objectives**

These guidelines are issued in line with the Bank's commitment to uphold the highest ethical standards among its employees as well as promote good governance at all levels of the organization pursuant to the Code of Conduct for LANDBANK Employees and similar applicable issuances.

The issuance of these guidelines aims to encourage Bank employees with credible information to blow the whistle against graft and corrupt practices. To encourage whistleblowing, it seeks to provide protection and assistance to Bank employees who voluntarily disclose their knowledge or give evidence about graft and corrupt practices.

**B. Coverage**

These guidelines shall cover all Bank employees as defined under item C.4 hereof.

Service company workers deployed in the Bank shall be covered by a separate policy on the subject as provided for in their service agreement with the Bank.

**C. Definition of Terms**

1. **Whistleblowing** is the disclosure of and/or giving of evidence to information that a whistleblower reasonably believes constitutes graft and corrupt practices.
2. **Whistleblower** refers to a Bank employee or group of Bank employees who make protected disclosures involving graft and corrupt practices.
3. **Graft and corruption** are defined as follows:
  - 3.1 **Graft** refers to the acquisition of gain or advantage by dishonest, unfair or sordid means, especially through the abuse of his/her position or influence.
  - 3.2 **Corruption** involves behavior on the part of officials in the public sector in which they improperly and unlawfully enrich themselves, or those close to them, by the misuse of the public power entrusted to them.
4. **Bank employee** shall refer to Bank officers and rank-and-file employees, whether permanent, temporary, co-terminus or directly hired contractual.

5. **Protected disclosure** refers to a deliberate and voluntary giving of information by a Bank employee, whether written or verbal, of an actual or suspected act of graft and corruption (as defined under item C.3 of these guidelines) committed by any Bank employee, group of Bank employees or Department/Unit.
6. **Retaliatory Action** refers to negative or obstructive responses or reactions to a disclosure of acts of graft and corruption including, but not limited to, administrative or criminal proceedings commenced or pursued, reprisals or threats against the whistleblower and/or those Bank employees supporting him/her or any of the whistleblower's relatives, such as, but not limited to forcing or attempting to force any of them to resign, retire or transfer, giving negative performance appraisals, fault-finding, undue criticism, alienation, blacklisting and other similar acts.
7. **Relatives** refer to any and all persons related to a Bank employee within the fourth civil degree of consanguinity or affinity, including bilas, inso and balae.

## D. Specific Guidelines

### 1. Reporting of the Whistleblower

It shall be the duty of all Bank employees who witness or become aware of any attempted, ongoing or consummated act of graft and corruption involving any Bank employee, to report the same at the earliest possible time as follows:

- 1.1 For acts involving Bank employees with the rank of Senior Vice President (SVP) and above – to the Chairman, LBP Corporate Governance Committee (CGCom); and
- 1.2 For acts involving Bank employees below SVP level – to the Bank's General Counsel.

Reports on graft and corrupt practices coursed through the Ethics Hotline shall be handled by the Employee Relations Department (ERD) in accordance with the Guidelines on the Implementation of the Ethics Hotline and these guidelines.

### 2. Rights of Whistleblowers

- 2.1 Protection against Retaliatory Actions subject to the conditions under item D.3 hereof
  - a. No administrative action shall be entertained or pursued by the Bank against a whistleblower relating to a report or disclosure deemed protected under these guidelines.
  - b. No retaliatory action shall be taken against a whistleblower such as, but not limited to, discriminatory action; reprimand; punitive transfer; undue poor performance reviews; obstruction of the investigation; withdrawal of essential resources; adverse reports; attachment of adverse notes in the personnel 201 file; ostracism; questions and attacks on motives; accusations of disloyalty and dysfunction; public humiliation; and the denial or work necessary for promotion.

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Any Bank employee who refuses to follow orders to perform an act that would constitute a violation of this provision shall likewise be protected from retaliatory actions.

### **2.2 No Breach of Duty of Confidentiality**

A whistleblower that has an obligation by way of oath, rule or practice to maintain confidentiality of information shall not be deemed to have committed a breach of confidentiality if he/she makes a protected disclosure of such information.

### **3. Conditions for Protected Disclosure**

Whistleblowers shall be entitled to protection and assistance under these guidelines after the investigation conducted showed valid basis and provided that all the following requisites are fulfilled:

- 3.1 The disclosure is made voluntarily, in writing and under oath;
- 3.2 The disclosure pertains to a matter not yet the subject of a complaint already filed with, or investigated by the Administrative Legal Department (ALD) or by any other concerned Department/Unit of the Bank; unless, the disclosure is necessary for the effective and successful prosecution, or would constitute a material evidence not yet in the possession of the Bank;
- 3.3 The whistleblower formally undertakes to assist and participate in proceedings commenced in connection with the subject matter of the disclosure;
- 3.4 The whistleblower should have personal knowledge of facts and information covered by the disclosure; and
- 3.5 The information given by the whistleblower contains sufficient particulars and, he/she submits or undertakes to submit material evidence that may be in his/her possession.

### **4. Evaluation of Disclosures**

- 4.1 Reports or disclosures shall be subject to evaluation to determine whether or not it constitutes a protected disclosure under these guidelines. The evaluation shall consider the following factors, among others:
  - a. Whether or not the disclosure varies or contradicts in material respects the details contained in official information and authentic documents determined to be truthful;
  - b. Whether or not the documents attached to the disclosure appear to be spurious;
  - c. Whether or not the figures given in the disclosure appear erroneous after proper examination;

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- d. Whether or not there is undue delay in divulging the information or offense alleged to have been committed and the delay is not sufficiently explained/justified and there are material omissions, discrepancies of facts and details which tend to deviate from the natural and logical flow of facts and circumstances;
- e. Whether or not the disclosure appears incredible or improbable considering logic, knowledge, ordinary observation and common experience of man;
- f. Whether or not the veracity of the disclosure is doubtful and there is no corroborative evidence to support it; and
- g. Whether or not there is retraction, refusal or hesitation on the part of the whistleblower to submit material evidence in his/her possession and/or swear to the truth thereof.

4.2 A Bank employee who makes a disclosure deemed unprotected shall not enjoy any immunity, or other right or privilege accorded under these guidelines.

### **5. Confidentiality**

The identity of the whistleblower and the matters disclosed shall be kept confidential, except when disclosure thereof is essential to the successful prosecution of a charge arising from the protected disclosure.

### **6. Disclosure Made by a Party to an Act of Graft and Corruption**

A disclosure made by a Bank employee who is a party to an act of graft and corruption may be deemed a protected disclosure and be entitled to the assistance to a whistleblower, provided that:

- 6.1 The whistleblower complies with the conditions under item D.3 hereof;
- 6.2 The whistleblower should not appear to be the most guilty;
- 6.3 The whistleblower testifies in accordance with his/her disclosures;
- 6.4 The disclosure is necessary for a proper prosecution of the act; and
- 6.5 The whistleblower's testimony can be substantially corroborated on material points in conformity to item D.3.5 hereof.

### **7. Procedure for Protected Disclosure**

Upon receipt of the report, the CGCom Chairman or the General Counsel, as the case may be, shall cause the following actions to be undertaken:

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- 7.1 Ensure that the whistleblower's report and other related documents are at all times placed in a folder labeled as "confidential" and properly kept in a locked drawer or cabinet for the safety of the documents;
  - 7.2 Require the evaluation of the report by the ALD or other duly designated Department/Unit or officer as to whether or not it qualifies as a protected disclosure under these guidelines. The evaluation and recommendation shall be submitted within a period of thirty (30) calendar days from receipt thereof;
  - 7.3 The evaluation report and recommendation shall be submitted to the CGCom Chairman or the General Counsel, as the case may be, for approval within five (5) days from receipt. The matter may be referred to the Internal Audit Group and/or ALD for further evaluation in case of need or be referred to the Legal Services Group (LSG) for prosecution;
  - 7.4 Upon completion of the audit and/or ALD investigation, the audit and/or investigation reports shall be submitted to the CGCom Chairman or the General Counsel, as the case may be, who shall refer them to the LSG for the prosecution of proper administrative, criminal and/or civil cases, as may be warranted, in accordance with applicable laws, rules and regulations;
  - 7.5 Certification of the disclosure as a protected report should it qualify as such; provided that the declaration as to whether or not a report shall be considered as a protected disclosure shall be made within thirty (30) calendar days from receipt of the report; otherwise, the matter shall be referred to the pertinent Departments/Units in the Bank for proper action in accordance with the review mechanism provided under Executive Order No. 43, s. 2006, re: Rules on Administrative Disciplinary Cases; and
  - 7.6 Conduct of appropriate actions in accordance with applicable rules and regulations.
- 8. Protection of Witnesses**
- 8.1 Any Bank employee who testifies in any proceedings arising from a protected disclosure shall be accorded the same protection against retaliatory actions as provided in item D.2 hereof.
  - 8.2 In cases involving grave threats to life and/or safety of the whistleblower, appropriate or necessary action may be taken by the Bank Management for the protection and support of the whistleblower.
- 9. Assistance to the Whistleblower**
- 9.1 A whistleblower shall be granted legal assistance and liability indemnification in accordance with the Guidelines on LBP Litigation Expenses and Liability Indemnity Plan for Directors, Officers and Employees in case of need.

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- 9.2 The Bank President and CEO may provide other appropriate assistance or support to a whistleblower as may be warranted under the circumstances and situation.

### E. Remedies and Sanctions

#### 1. Violations of Confidentiality

Any Bank employee who violates the protection of confidentiality of a protected disclosure shall be subject to disciplinary and/or criminal action as may be provided under existing pertinent, relevant laws, rules and regulations of the Bank, the Civil Service Commission and other regulatory bodies.

#### 2. Retaliatory Actions

Any Bank employee, who does, causes or encourages retaliatory actions as defined under these guidelines against a whistleblower and/or Bank employees supporting him/her or any of his/her relatives shall be subjected to administrative, civil and/or criminal proceedings.

#### 3. False, Misleading and Malicious Reports

False, misleading and malicious reports or disclosures shall be sufficient ground for the termination of the protection or assistance to whistleblowers under these guidelines, including the termination of their immunity from administrative cases, civil and/or criminal actions as may be appropriate.

Further, any Bank employee who, with malice or in bad faith, reports said information against any Bank employee or person shall be subject to administrative, civil and/or criminal action.

### F. Effectivity

These guidelines shall take effect upon approval.

  
**GILDA E. PICO**  
President and CEO

Date Approved: 10/26/2010