

The PNOEC Exploration Corporation (PNOEC EC) Board of Directors adopted and approved in Board Resolution 1-6, Series of 2014, the Company's "No Gift Policy". It reads as follows:

"PNOEC EC No Gift Policy"¹

"No Gift Policy. PNOEC EC adopts a "No Gift Policy." All PNOEC EC employees, Officers and members of its Board of Directors shall NOT SOLICIT OR ACCEPT, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or anything of monetary value ("Gift") from any person, where such Gift:

- (a) Would be illegal or in violation of law;
- (b) Is part of an attempt or agreement to do anything in return;
- (c) Has a value beyond what is normal and customary in PNOEC EC's business;
- (d) Is being made to influence the member of the Board's, or Officer's, actions as such; or
- (e) Could create the appearance of a conflict of interest.

The PNOEC EC No Gift Policy and the rules therefore formally adopted by PNOEC EC are published in the Company website."

¹ As provided in Section 5.6 of PNOEC EC Manual of Corporate Governance



PNOC
The Energy Company

Exploration Corporation

**PNOC EC
NO GIFT POLICY**

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Authorized Policyholder/s

President and Chief Executive Officer
Compliance Officer
General Counsel
Vice President/Upstream Operations Division
Vice President/Downstream Operations Division
Vice President/Management Services Division
Vice President/Corporate Services Division
Manager/Internal Audit Department
Manager/External Relations Department
Manager/Health, Safety, Security, and Environment Department
Manager/Legal Department
Manager/Petroleum Exploration Department
Manager/Petroleum Production Department
Manager/Coal Exploration and Development Department
Manager/Engineering Services Department
Manager/Trading and Marketing Department
Manager/Project Development Department
Manager/Energy Supply Base
Manager/Finance Department
Manager/Treasury and Joint Ventures Accounting Department
Manager/Planning and Budget Department
Manager/Administration Department
Manager/Human Resources Department
Manager/Information and Communications Technology Department
Manager/Coal Operations Group
Manager/Lumbog Coal Project
Manager/Integrated Little Baguio Coal Project
Manager/Engineering and Logistics

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The PNOC Exploration Corporation upholds a high standard public service consistent with the Company's core values (i.e. professional excellence, integrity, loyalty, teamwork, patriotism).

The Company's Board of Directors, officers, and employees observe unbiased professionalism in the performance of their duties and functions, without expectation of any undue favor or reward.

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PNOEC Exploration Corporation (PNOEC) hereby adopts this "No Gift Policy" on the basis of the following:

- A. In compliance with Section 29 of the Code of Corporate Governance for Government Owned and Controlled Corporations (GCG Memorandum Circular No. 2012-07, S'2012) which provides that: *"Every Governing Board shall formally adopt a "No Gift Policy" within the GOCC and ensure its full advertisement to the community and its strict implementation by particular set of rules."*

- B. Pursuant to various constitutional and legal provisions as follows:
 1. Section 27, Article II of the 1987 Constitution states that: *"The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption";*

 2. Section 1, Article XI of the 1987 Constitution states that: *"Public office is a public trust. Public officers and employees must, at all times be accountable to the people; serve them with utmost responsibility, integrity, loyalty and efficiency, act with patriotism and justice; and lead modest lives";*

 3. Section 1 of Republic Act (RA) No. 3019 otherwise known as the Anti-Graft and Corrupt Practices Act which provides that: *"It is the Policy of the Philippine Government, in line with the principle that a public office is a public trust, to repress certain acts of public officers and private persons alike which constitutes graft or corrupt practices or which may lead thereto";*

 4. Section 3 (b) and (c) of RA 3019 which declare as a corrupt practice the acts of: *"Directly or indirectly requesting or receiving any gift, present, share, percentage, or benefit, for himself or for any other person, in connection with*

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any contract or transaction between the Government and any other part, wherein the public officer in his official capacity has to intervene under the law” and “Directly or indirectly requesting or receiving any gift, present or other pecuniary or material benefit, for himself or for another, from any person for whom the public officer, in any manner or capacity, has secured or obtained, or will secure or obtain, any Government permit or license, in consideration for the help given or to be given, x x x.”; and

5. Section 7 (d) of Republic Act No. 6713, Code of Ethical Standards for Public Officials and Employees which mandates that: *“Public officials and employees shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value from any person in the course of their official duties or in connection with any operation being regulated by, or any transaction which may be affected by the functions of their office”.*

PNOEC NO GIFT POLICY MANUAL	Section DEFINITION OF TERMS	Section No 3	Effective 2 October 2014
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PNOEC/the Company	Refers to the PNOEC Exploration Corporation
Board of Directors/Directors	Refers to the members of the Board of Directors of PNOEC
Employee	Includes regular, probationary, temporary, co-terminus, project based, directly-hired and casual rank and file employees and officers of the Company
Gift	Refers to a thing or a right disposed of gratuitously, or any act of liberality, in favor of another who accepts it. It shall include, but not limited to, any gratuity, favor, service, discount or price concession, legacy (except from a relative), fee, compensation, cash, securities, entertainment, simulated sale or loan, or use of anything of monetary value, whether real or personal property.
Gifts of Nominal Value	Depend on the circumstances of each case taking into account the salary of the official or employee, the frequency or infrequency of the giving, the expectation of benefits, and other similar factors
Gift Register	A record of gifts received by all members of the Board of Directors, officers, and employees of PNOEC
Policy	Refers to the "PNOEC No Gift Policy"
Public Officer	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, as defined in the preceding section
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 4 th 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

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This Policy shall apply to all members of the Board of Directors, officers, and employees of PNOEC, regardless of status of appointment.

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- A. **NO GIFT POLICY** – Except as otherwise provided in this Policy, all Members of its Board of Directors, officers, and employees of PNOC EC, shall NOT SOLICIT OR ACCEPT, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or use, anything of monetary value from a person, groups, associations, or juridical entities, whether from the public or the private sectors, at any time, on or off the work premises, in the course of their official duties or in connection with any operation being regulated by, or any transaction which may be affected by the functions of, their office.
- B. **PROHIBITIONS** – the prohibitions shall include, but not limited to:
1. Honoraria, in whatever form, be it per diems or in-kind, given as speaker or resource person in seminars or where the Company's director or officer or employee is participating by reason of his/her office with the Company. However, reimbursement for actual expenses for plane fare, accommodation and meals may be allowed;
 2. Sponsorship in any form of any of the internal programs, activities, and affairs of PNOC EC such as Christmas parties, anniversary, commemorations, and other similar events;
 3. Advertisements in the publication of the Company; and
 4. Discounts, rebates, waivers and other forms of monetary incentives or benefits given to directors, officers, and employees for their own personal benefit/use, in availing of the services and/or facilities of persons or entities having business transactions with the Company.

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C. **ALLOWABLE GIFTS** – the following shall be exempted from the prohibition under this Policy:

1. Certificates, plaques, cards, thank you notes, or other forms of souvenir or mark of courtesy, recognition, or appreciation of nominal or insignificant value;
2. Seminar bags and contents, and meals and beverages made available to all participants, including directors, officers, and employees of the Company, at official events, such as conferences, trainings, seminars, and exhibits;
3. Pamphlets, publications, data and other information or reading materials that are directly useful to the Company in the performance of its mandates, objectives, and are given by individuals or organizations that will not create an actual or potential conflict of interest;
4. Scholarship or fellowship grant, travel grants or expense for travel taking place within or outside of the Philippines (such as allowances, transportation, food and lodging) aimed towards enhancement of skills and know-how in oil, gas, coal, and those relating to the Company's operations, provided such acceptance is appropriate and consistent with the interest of the Company, and with the PNOC EC Board of Directors' approval;
5. Breakfasts, lunches, or dinners, with JV partners, clients, and other stakeholders of PNOC EC, including media, if such breakfasts, lunches or dinners are inevitable in the course of official transactions and are of modest value not beyond what is normal or customary in the business of PNOC EC; and

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6. Unsolicited Gifts of Nominal Value provided it is given on special occasions such as Christmas, New Year, Company Anniversary and other Company special events, and such gift is not given in anticipation of or in exchange for a favor from a director, officer, or employee of PNOC EC.
- D. **REQUIREMENT TO INFORM** – The Board of Directors, officers, and employees are required to inform any individual or organization with any actual or potential business with PNOC EC of the Company’s “No Gift Policy”.
- E. **POSTING OF NO GIFT POLICY** – Corresponding Notices of this Policy shall be posted in conspicuous areas of all departments and field offices and website of the Company.
- F. **DUTY OF DIRECTOR OR OFFICER OR EMPLOYEE IF GIFT IS OFFERED OR GIVEN** – If any of the members of the Board of Directors, officers, or employees, receive a gift prohibited under this Policy, such gift, if feasible, shall be immediately and politely declined.
- DUTY OF DIRECTOR OR OFFICER OR EMPLOYEE IF GIFT IS INEVITABLY RECEIVED** – In the event that, despite diligent efforts to refuse acceptance, any gift is inevitably received because it was sent through modes other than personal delivery, the offeror insisted acceptance, it is not feasible or it is inappropriate or impractical to return the gift, the recipient of the gift shall, within twenty-four (24) hours from receipt, report the receipt thereof and turnover the gift to the Human Resources Department (HRD) for proper documentation and handling of the gift in accordance with the provisions of this Policy.

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- G. **GIFT REGISTRY** – Except for Section 5 (C), Item Nos. 1, 2, 3 and 6, any gift received shall be registered in a Gift Registry (Annex "A") to be maintained for the purpose of monitoring and recording gifts given to and received by PNOEC directors, officers and employees.

A PNOEC director, officer, or employee, who receives a gift, favor or benefit, in the workplace, regardless of value, from individuals or entities shall cause the registration of said gift in the Gift Registry and sign the appropriate receipt portion thereof.

The Gift Registry shall contain the following information:

1. Date of delivery or receipt of gift, grant of favor or benefit
2. Description of the gift, favor or benefit received
3. Estimated value of the gift
4. Name and signature of recipient
5. Name, position or office of giver of gift
6. Action taken on the gift

H. **RESPONSIBILITIES**

1. The Human Resources Department shall be responsible for the proper disposition of all gifts turned-over to them by any director, officer or employee.

In the event that it is not feasible, or it is inappropriate or impractical, to return the gift, the gift shall be donated to an appropriate charitable or social welfare institution. An acknowledgment letter shall be sent to the donor informing him/her of the "No Gift Policy" or that the gift has been returned or donated to a charitable or social welfare institution.

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2. The Corporate Services Division, through the Human Resources Department, shall be responsible for maintaining a Gift Registry, and submitting an annual report on gifts, favors or benefits received by PNOC EC directors, officers, and employees to be reported to the Office of the President.

- I. **ADOPTION OF "NO GIFT POLICY" IN ALL CONTRACTS OF PNOC EC** – a provision adopting this Policy shall be incorporated in all contracts entered into by the Company with its consultants, contractors, suppliers, service providers, vendors or other such persons and institutions who have business, contractual or other similar dealings or transactions with the Company.
- J. **POLICY IMPLEMENTATION AND MONITORING** – The Compliance Office shall ensure full advertisement of this Policy while the Human Resources Department, together with all Division and Department Heads, shall ensure monitoring and strict implementation of this Policy.
- K. **WRITTEN EXCEPTION** – Any exception to this "No Gift Policy" may be made only with the approval of the PNOC EC Board of Directors.

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Violation by members of the Board of Directors, officers, or employees of the provisions of this Policy shall be dealt with in accordance with PNOC EC's Personnel Manual on Code of Conduct and Discipline (as stated in Section 3 Subject 2 of PNOC EC Personnel Manual on Discipline, Page 8, Sub-section "P") and applicable laws

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This Policy shall be subject to periodic review and may be amended by the PNOEC Board of Directors as often as it may deem necessary.

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The Governance Commission for GOCCs (GCG) approved the PNOC EC No Gift Policy on 2 October 2014.

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All existing guidelines, orders, policies and other issuances, which are inconsistent with any provision of this Policy shall be deemed superseded.

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Responsibility	Action
PNOC EC Lobby Guard	<p>1 Upon receipt of gift, favor, or benefit, immediately records pertinent information relative to the gift delivered in the Gift Logbook, to include:</p> <ul style="list-style-type: none"> a) Date of delivery or receipt of gift, favor, or benefit; b) Description of gift, favor, or benefit received; c) Name, position, or office of giver/donor of gift; and d) Action taken on gift. <p>Sends gift to the Human Resources Unit and notifies concerned Unit (recipient) on gift.</p>
Human Resources Unit	<p>2 Registers gift in the Gift Registry containing all information as found in Section 5 (G) of the No Gift Policy Manual.</p> <p>Checks gift, favor, or benefit based on the following:</p> <p><u>Value</u> If Gift of Nominal Value, forwards gift to concerned Unit (recipient).</p> <p>If gift is not of nominal value, politely declines and immediately returns gift to donor with an attached "thank you" letter to donor.</p> <p><u>Occasion</u> If gift is given on special occasions as specified under Section 5 (C) Item No. 6, forwards gift to concerned Unit (recipient).</p> <p>If gift is given on ordinary days or on occasion not specified under Section 5 (C) Item No. 6, politely declines and immediately returns gift to donor with an attached "thank you" letter to donor.</p>

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Responsibility	Action	
Human Resources Unit (cont'd)		<p><i>Inappropriate or Impractical to Return</i> In the event that it is not feasible, or it is inappropriate or impractical to return gift, the Human Resources Unit donates gift to an appropriate charitable or social welfare institution.</p> <p>Sends acknowledgement letter to donor and informs donor that gift was donated to a charitable or social welfare institution.</p>
Concerned Unit or Recipient of Gift	3	If gift, favor, or benefit is of nominal value and/or included under Section 5 (C), accepts gift from the Human Resources Unit and acknowledges receipt of gift in the Gift Registry.
Human Resources Unit	4	<p>Maintains the PNOC EC Gift Registry.</p> <p>Submits an annual report to the President and CEO, as well as to the Board of Directors, on gifts, favors, or benefits received by PNOC EC directors, officers, and employees.</p>

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