



## PDIC CODE OF ETHICAL BEHAVIOR

### ***The PDIC Code of Ethical Behavior***

The PDIC Code of Ethical Behavior is the Corporation's set of ethical rules guided by Republic Act 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees. RA 6713 sets guidelines for the formulation and implementation of ethical standards for government officials and employees.

### ***The guiding principle of the PDIC in adopting its own Code of Ethical Behavior***

RA 6713 mandates that public officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence, and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest.

### ***Coverage of the PDIC Code of Ethical Behavior***

The PDIC Code of Ethical Behavior shall cover all PDIC Board Members, officials, employees, consultants and contractual employees (hereinafter collectively referred to as "PDIC officer/employee").

### ***The norms of conduct under RA 6713 that a PDIC official and employee is obliged to adhere to***

The PDIC officer/employee shall:

- uphold public interest over personal interest and use government resources and powers efficiently, honestly and economically to avoid wastage in public funds and revenues;
- commit to the highest degree of excellence, professionalism, intelligence and skills in the discharge of his/her duties; serve the public with utmost devotion and dedication; and exert all efforts to project an image that does not promote unwanted patronage;

- be an epitome of justness and sincerity by remaining true to the people at all times, respecting the rights of others, never discriminating against anyone especially the poor and the under-privileged; never giving favors for relatives using his/her position in office;
- adhere to political neutrality by providing fair, equal treatment and service to anyone regardless of party affiliation or preference;
- be responsive to the public he/she serves by extending prompt, courteous and efficient service, providing information on policies and procedures in simple layman's language, ensuring availability and accessibility to information allowed by law; encouraging suggestions, simplifying and systematizing policies, rules and procedures; avoiding red tape; and developing a full understanding and appreciation of the socio-economic conditions prevailing in the country, especially in depressed rural and urban areas;
- adhere to nationalism and patriotism through expressed loyalty to the Republic and to the Filipino people at all times; promote the use of locally produced products and services; encourage the appreciation and pride of country and people; and strive to maintain and defend Philippine sovereignty against foreign intrusions;
- uphold the Constitution and the principles of democracy and public accountability; and
- be a model of simple living appropriate to his/her position and income.

***The duties of public officials and employees stated in RA 6713***

- To act promptly on letters and requests within fifteen days (15) days from receipt with information on action taken on said letters or requests.
- To render an annual performance report which shall be submitted within forty-five (45) days from the end of the year. The report shall be made available to the public.
- To submit an annual report of its operations to Congress pursuant to Sec. 25 of RA 3591, as amended.
- To process and complete documents and papers within a reasonable time.

- To act and attend to anyone who wants to avail of PDIC's services, promptly and expeditiously.
- To make documents accessible to and readily available for inspection by the public in compliance with relevant laws, rules and regulations, e.g Freedom of Information (Executive Order No. 2, s. 2016); Data Privacy Act of 2012 (RA 10173).

### **Conflict of Interest**

In addition to the requirements of RA 6713, otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees", no officer/employee shall:

- Accept any engagement or employment as officer, employee, consultant, broker, agent, trustee, or nominee in any bank or banking institution unless expressly authorized by PDIC.
- permit the use of his/her position or title in the PDIC or any authority associated with his/her public office in order to benefit, financially or otherwise, himself, his/her relatives and other persons; or to show that the PDIC has consented to the use of his/her position or authority when no such consent was actually given .

Any member of the Board of Directors with personal or pecuniary interest in any matter in the agenda of the Board of Directors shall disclose his or her interest to the board and shall recuse from the meeting when the matter is taken up. The minutes shall reflect the disclosure made and the recusal of the member concerned.

### **Borrowings from Banking Institutions**

- Borrowing from any bank or banking institution by examiners and other personnel of the examination departments of the Corporation shall be prohibited only with respect to the particular institution in which they are assigned, or are conducting an examination. Personnel of other departments, offices or units of the Corporation shall likewise be prohibited from borrowing from any bank or banking institution during the period of time that a transaction of such institution with the Corporation is being evaluated, processed or acted upon by such personnel: Provided, however, That the Board may, at its discretion, indicate the position levels or functional groups to which the prohibition is applicable.

- Borrowing by all personnel of the Corporation from any bank or banking institution shall be secured and disclosed to the Board, and shall be subject to such further rules and regulations as the Board may prescribe.
- Borrowing by a director of the Corporation from any bank or banking institution shall be immediately disclosed to the Board and subject to the rules under this Section.

A PDIC official/employee who serves as Chairman/Director or Officer in a bank or institution under financial assistance or in a corporation/firm/entity where PDIC has acquired financial interests shall not:

- borrow, directly or indirectly, from the bank or the corporation/firm/entity, its subsidiaries and affiliates, in whatever form and nature, or become a guarantor or surety;
- have, directly and indirectly, financial or material interest of whatsoever nature or kind in the bank or in the corporation/firm/entity, its subsidiaries and affiliates;
- receive, directly or indirectly, from the bank or from the corporation/firm/entity any form or manner of compensation, favors, fees, emoluments, gifts, cash or non-cash for his/her comfort and/or recreation, unless its receipt is expressly authorized under these rules. He/she shall not allow his/her relative within the fourth degree of consanguinity or affinity to receive, directly or indirectly, from the bank or from the corporation or firm or entity any favors or gifts, cash or non-cash.
- accept employment with other banks, their subsidiaries and affiliates during his/her tenure or contract with PDIC.
- engage, directly or indirectly, or have any interest in the affairs of the bank, including its properties or rights, real, personal or intellectual and/or of any of its subsidiaries and affiliates, operations, which would require the use of information or knowledge gained or acquired during his/her tenure or contract with PDIC within a period of one (1) year thereafter.

***Assignment of PDIC Board, officials/employees as officer or director of a bank under PDIC financial assistance or in a corporation/firm/entity where PDIC has acquired financial interests***

- PDIC officials/employees may become directors and officers of any bank and banking institution and of any entity related to such institution in connection with financial assistance extended by the Corporation to such

institution and when, in the opinion of the Board, it is appropriate to make such designation to protect the interest of the Corporation.

- In addition to their regular duties in PDIC, these PDIC officials/employees may receive reasonable per diems and other additional remuneration as may be authorized by the by-laws and rules of the bank or the corporation, firm, or entity, to wit:
  - The PDIC officials/employees may be entitled to an aggregate per diems, additional remuneration and other cash benefits not to exceed seventy five percent (75%) of their regular annual cash compensation provided that they may receive up to one hundred (100%) of their regular annual cash compensation under justifiable circumstances as a result of the complexity of the engagement.
    - The non-cash benefits to which these PDIC officials/employees may be entitled to receive shall be limited to health maintenance, life insurance protection and the use of regular bank facilities.
    - Cash emoluments in excess of the authorized remuneration/per diems and other cash benefits shall be turned over by the official concerned to the Ethics Committee, and shall be reported to the President for proper disposition. The Committee shall adopt the necessary rules and procedures. The Board shall be informed of the disposition made.
- If the compensation of the consultant is for the expense of the bank, it shall be in accordance with the agreement to be executed between PDIC and the bank but in no case shall the total cash compensation exceed seventy five percent (75%) of annual regular cash compensation of the PDIC President.
- All emoluments actually received by the PDIC nominees whose nominations were approved by the Board shall be fully disclosed and submitted to the Ethics Committee who is responsible for the overall implementation of the PDIC Code of Ethical Behavior.

### ***Disclosure and/or Misuse of Confidential Information***

PDIC officials/employees are prohibited from disclosing deposit related information obtained under Sec. 11.c of RA 3591, as amended, to any person, government official, bureau or office.

Unless authorized by law or duly authorized to so, PDIC officials/employees are prohibited from using to their personal advantage or divulging information officially known to them by reason of their office and not made available to the public. This information includes those which are confidential, not for dissemination to the general public, and is not authorized to be made available to the public even on request.

### ***On Solicitation or Acceptance of Gifts***

As public servants, PDIC Directors, officials/employees shall adhere to the principle that public office is a public trust and promote a high standard of ethics in public service. The Corporation requires that all PDIC officials/employees practice and demonstrate equal treatment, unbiased professionalism, and non-discriminatory actions in the performance of their duties and functions, without expectation of any undue favor or reward. As such, they shall strictly abide with the "NO Gift Policy" of the Corporation.

### ***Occasions when gift giving between superior and subordinate may be allowed***

- items such as food and refreshments to be shared in the office among several employees;
- modest parties held at the employee's residence which is of a type and value customarily provided by the said employee to personal friends and acquaintances;
- items given in connection with receipt of personal friendliness if of a type and value customarily given on such occasions;
- special infrequent occasions such as birthdays, marriage, illness, or birth of a child or retirement, resignation or transfer of a superior, or Christmas; and
- voluntary contributions for special and infrequent occasions for items such as food and refreshments to be shared in the office among several employees.

### ***Moral Uprightness***

While recognizing the PDIC official's/employee's right to privacy, he/she shall conduct his/her private and personal life with due consideration to his/her position, avoiding acts which would tend to reflect adversely on the PDIC or set an improper example to others.

The image of the PDIC is mirrored by the conduct, official or otherwise, of PDIC Officials/employees who are bound to adhere to the exacting

standards of morality and decency in both their professional and private activities to preserve the good name and integrity of the PDIC.

## **Protection of PDIC Interests**

### ***Duty of a PDIC official/employee in protecting PDIC interests***

He/She shall exercise utmost diligence and prudence in the performance of his/her duties and responsibilities and shall devote his/her technical and professional skills, attention and best ability effectively and efficiently, honestly and economically to avoid wastage of PDIC funds and revenues. When assigned as director/officer of institutions where PDIC has acquired financial interests, the official must observe the following duties with utmost efficiency and effectiveness:

- Report to the PDIC Management and the Board for information and appropriate instruction any situation or matter that will directly or indirectly weaken, prejudice or adversely affect PDIC interest or even public interest; or when the performance of his/her duties in the insured bank presents an actual or potential “conflict of interest” with PDIC and the performance of its mandates.
- Decide and act judiciously. Adopt and support PDIC’s position in matters where it may substantially differ from the institution’s policies and business objectives.
- Maintain and protect at all times the confidentiality of any and all information, records and documents obtained by him/her.
- Report to the PDIC Board and management matters that can affect PDIC or government interest in the financial assistance granted.
- Closely coordinate with PDIC in monitoring the condition of the bank.
- Attend as observer in all meetings of the bank’s stockholders, Board of Directors, Executive Committee, Loan Committee, Audit Committee, as well as the committees deemed necessary in order to obtain first-hand information on matters deliberated upon during said meetings and make a report to PDIC on the results of such meetings.
- Recommend to PDIC the adoption of measures, policies, rules and procedures that will improve the efficiency of the banks and other banks under financial assistance.

- Disclose to the PDIC Management and/or to the Board any financial obligation such as, but not limited to, credit cards, that may have been granted or issued to him by any member bank prior to his nomination.
- Fully secure and disclose to the Board, borrowing from any bank under PDIC financial assistance prior to his nomination.
- PDIC officials/employees of the Corporation are hereby prohibited from:
  - a. being an officer, director, consultant, employee or stockholder, directly or indirectly, of any bank or banking institution except as otherwise provided in RA 3591, as amended;
  - b. receiving any gift or thing of value from any officer, director or employee thereof;
  - c. revealing in any manner, except as provided in this Act or under order of the court, information relating to the condition or business of any such institution. This prohibition shall not apply to the giving of information to the Board of Directors, the President of the Corporation, Congress, any agency of government authorized by law, or to any person authorized by either of them in writing to receive such information.

### **Protection of the Bureaucracy Against Tobacco Industry Interference**

- PDIC officials/employees shall interact with the tobacco industry only when strictly necessary for the latter's effective regulation, supervision or control. Transparency in all interactions with the tobacco industry shall be observed. Any necessary interaction with the tobacco industry should be carried out in such a way as to avoid the creation of any perception of a real or potential partnership or cooperation resulting from or on account of such interaction. In the event the tobacco industry engages in any conduct that may create such a perception, PDIC officials and employees shall act to prevent or correct this perception.
- PDIC officials/employees shall declare any interest in the tobacco industry. They shall resign from his/her position in the tobacco industry within thirty (30) days from his/her assumption of office and/or divest himself of his shareholdings or interest within sixty (60) days from such assumption. Interest in the tobacco industry means personal, financial or other interest, including but not limited to:

- a) Having an existing ownership or investment in the tobacco industry;
- b) Being a member of the Board of Directors, an officer of the corporation, or a partner in a partnership in the tobacco industry;
- c) Receiving any contribution from the tobacco industry.

**PDIC officials/employees are, as applicable, strictly prohibited from the following in dealing with the Tobacco Industry:**

- Providing incentives, privileges, benefits or exemptions to the tobacco industry, except as otherwise provided by law.
- Having any financial or material interest, directly or indirectly, in any transaction involving the tobacco industry requiring the approval of their office. In relation to this, PDIC officials and employees shall declare any interest in the tobacco industry in their annual declaration of assets and liabilities.
- Accepting or soliciting directly or indirectly, any gift, gratuity favor, entertainment, loan or anything of monetary value 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 from any person or business related to the tobacco industry.
- Demanding or receiving any contribution from the tobacco industry for themselves, their families, friends or any other persons or organizations. Contributions shall include, but not limited to, payments, gifts and services, monetary or in-kind, research funding, financial aid, policy drafts and legal advice.
- Accepting Other Favors Analogous to those mentioned above, like, but not limited to the following:
  - a) PDIC officials and employees shall not Accept or have any member of his/her family accept employment or recommend any one to any position in any private enterprise connected with the tobacco industry which has a regular or pending official transaction with the Corporation.

#### b) Engaging in an Occupational Activity within the Tobacco Industry

PDIC officials and employees that have a role, if any, in setting and implementing public health policies with respect to tobacco control, shall inform the Corporation about the intention to engage in an occupational activity within the tobacco industry, whether gainful or not, within a specified period of time after leaving the service; and to require applicants for such public office positions to declare any current or previous occupational activity with any tobacco industry whether gainful or not.

### **Prohibition Against Going to Gambling Casinos**

PDIC officials/employees must strictly observe and comply with the prohibition against going to gambling casinos. Their mere entry or presence in a gambling casino shall be considered as conduct prejudicial to the best interest of the service, unless the same was in the performance of official duties and functions.

### **Gender and Development**

PDIC officials/employees shall promote gender sensitivity/empowerment and ensure equal rights and opportunities for both men and women in the Corporation in accordance with applicable laws, rules and regulations.

### ***The PDIC Ethics Committee***

The President and Chief Executive Officer constituted the Ethics Committee on May 21, 2003 under Office Order No. 09. The Committee has the following duties and responsibilities:

- To inform and advise the Board of the adherence or compliance of PDIC's officials/employees with PDIC's Code of Ethical Behavior.
- To adopt and recommend to the Board the appropriate measures so that PDIC officials/employees are fully aware of, have properly understood and committed to practice ethical behavior in accordance with PDIC's Code of Ethical Behavior.
- To deliberate on cases of violation of the PDIC Code of Ethical Behavior and refer the outcome of deliberation to proper authorities for appropriate action, if necessary.
- To promptly communicate to the Board urgent and serious matters affecting the implementation of the PDIC Code of Ethical Behavior.

- To make periodic reports to the Board on the activities of the Ethics Committee.
- To network with other government and non-government entities on experiences on ethical behavior and acceptable current and best practices that may find application to PDIC situation.
- To provide guidance to the PDIC officials/employees in cases of ambiguity in the provisions of the Code of Ethical Behavior. It shall also act on cases of violation of this Code and refer to proper authorities for appropriate action, if necessary. The Committee shall handle all disclosures with utmost confidentiality, and submit a report of such disclosures to the President and the Board.