



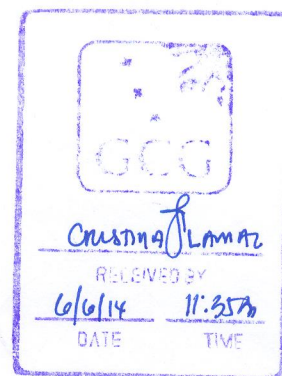
**PHILIPPINE NATIONAL OIL COMPANY**

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**ANTONIO M. CAILAO**  
President & CEO

June 3, 2014

**ATTY. CESAR L. VILLANUEVA**  
Chairman  
Office of the President of the Philippines  
Governance Commission for GOCCs  
3<sup>rd</sup> Floor Citibank Center, 8741 Paseo de Roxas  
Makati City, Philippines 1226



Dear Chairman Villanueva:

In reply to your April 30, 2014 letter on the evaluation of PNOC's revised No Gift Policy, attached is the "No Gift Policy" which was approved by the PNOC Board in their meeting of May 26, 2014.

For your final approval.

Very truly yours,

**PHILIPPINE NATIONAL OIL COMPANY**

**NO GIFT POLICY MANUAL**

# PHILIPPINE NATIONAL OIL COMPANY

PNOC Building VI, Energy Center, Merritt Road, Fort Bonifacio, Taguig City, Philippines Tel. No. (632) 812-6209

## SECRETARY'S CERTIFICATE

The undersigned, **GRACIELA M. BARLETA**, Corporate Secretary of the Philippine National Oil Company (hereinafter, **PNOC**), a corporation with original charter created under P. D. 334, as amended, with principal office at PNO Building 6, Energy Center, Rizal Drive, Bonifacio Global City, Taguig, Metro Manila,

### **HEREBY CERTIFIES AND STATES THAT:**

In furtherance of the adoption of the No Gift Policy, the PNO Board of Directors, in its 26 May 2014 regular meeting, has approved the No Gift Policy Manual of PNO, as appearing in **Annexes "A" to "A-7"** hereof.

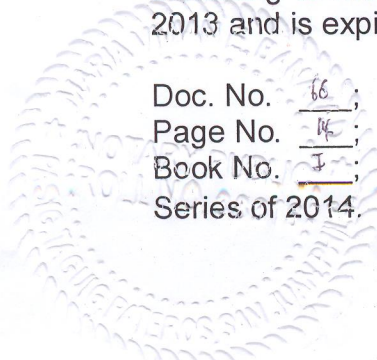
This Secretary's Certificate is hereby issued upon the request of the Corporate Planning Department in advance of the ratification of the foregoing approval by the PNO Board at the next meeting.

Done this 3<sup>rd</sup> day of June 2014 at Taguig, Metro Manila.



**GRACIELA M. BARLETA**  
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 3<sup>rd</sup> day of June 2014 at Taguig, Metro Manila, Affiant, in her capacity as Corporate Secretary of PNO, exhibiting to me her Driver's License No. D14-90-046228 issued on 13 August 2013 and is expiring on 8 August 2016.



Doc. No. 66 ;  
Page No. 14 ;  
Book No. I ;  
Series of 2014.

*Maria Vivian E. Banayad*  
**MARIA VIVIAN E. BANAYAD**  
Commission No. 145  
Notary Public for Taguig City  
Until December 31, 2015  
PNOC Bldg. VI Energy Center, Rizal Drive  
Bonifacio Global City, Taguig City 1634, M. M.  
Roll No. 38316 / 05/12/93  
PTR No. 9181154; 01/16/14; Quezon City  
IBP Lifetime Membership No. 786857 / Manila IV

	Section NO GIFT POLICY	Section No.	Effective
	Subject RATIONALE	Subject No.	Page 1 of 2

- A. In compliance with Section 29 of the Code of Corporate Governance for GOCCs (GCG Memorandum Circular No. 2012-07, s. 2012) which mandates that: *“x x x 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”*; and
- B. Pursuant to the following constitutional and legal provisions:
1. Section 27, Article II of the 1987 Constitution which 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 which provides 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 competence, act with patriotism and justice; and lead modest lives”*;
  3. Section 1 of the Anti-Graft and Corrupt Practices Act (RA 3019) 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 constitute graft or corrupt practices or which may lead thereto”*;
  4. Section 3 (b) and (c) of RA 3019 which declares 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 any contract or transaction between the Government and any other party, 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.”*;

Section NO GIFT POLICY	Section No.	Effective
Subject RATIONALE	Subject No.	Page 2 of 2

5. Section 7 (d) of the Code of Conduct and Ethical Standards for Public Officials and Employees (RA 6713) which mandates that *“Public officials and employees shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan 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. x x x; and*
6. PNOC Board Resolution No. 2153, S. 2013, it was resolved that the Philippine National Oil Company, its Directors, Officers and employees, shall not solicit or accept, directly or indirectly, any gift, gratuity, favor entertainment, loan, or use, anything of monetary value (“Gift”) from any person, groups, association, or juridical entities where such gift:
  - (a) Would be illegal or violation of the 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 the GOCCs business;
  - (d) Is being made to influence the member of the Board’s, or Officer’s, or employee’s actions as such; or
  - (e) Could create the appearance of a conflict of interest.

Under the said PNOC Board Resolution, it was further resolved that PNOC Directors, Officers and employees, be, as they hereby are, REQUIRED to professionally inform any individual or organization with any actual or potential business with the corporation of this “No Gift Policy”, the reasons for the adoption and request that such individual or organization respect such policy. Notices informing walk-in clients and visitors of the Policy shall likewise be posted in conspicuous areas within the PNOC premises.

	Section NO GIFT POLICY	Section No.	Effective
	Subject COVERAGE	Subject No.	Page 1 of 1

This No Gift Policy shall apply to all officers and employees of PNOC and the members of its Board of Directors.

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	Section NO GIFT POLICY	Section No.	Effective
	Subject RULES	Subject No.	Page 1 of 3

- A. No Gift Policy** – PNOC’s Board of Directors, its officers, and employees, 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 on Solicitation and Acceptance of Gifts** – the prohibitions shall include, but not limited to:
1. Honoraria, in cash or in kind, regardless of amount, other than per diem (as cited under Item 5 of Exceptions), 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;
  2. Sponsorship in any form of any of the internal programs, activities, and affairs of PNOC such as Christmas parties, anniversary, commemorations, and other similar events;
  3. Advertisements, publicities or promotions in the publication of the Company;
  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.
  5. Gifts which would be illegal or in violation of law;
  6. Gifts which is part of an attempt or agreement to do anything in return;
  7. Gifts which are being made to influence the actions of any member of the PNOC Board, officer, or employee; and
  8. Gifts which would create the appearance of a conflict of interest.

	Section NO GIFT POLICY	Section No.	Effective
	Subject RULES	Subject No.	Page 2 of 3

**C. Exceptions to the Prohibitions on Acceptance and Giving of Gifts – the following shall be exempted from the prohibition under this Policy:**

1. Gifts or tokens offered given as a symbol of kinship or partnership during gatherings, conferences to which PNOC is a member, participant, host or sponsor;
2. Gifts that are given among members of energy sector to which PNOC belongs, in the customary and normal course of business.
3. Acceptance of certificates, plaques, cards, thank you notes, or other forms of souvenir or mark of courtesy, recognition, or appreciation;
4. Acceptance of seminar bags and contents that members of the PNOC Board, officers and employees get hold of at conferences, seminars, trainings and the like and are given equally and uniformly to all members attend the said conference, training and/or seminar.
5. Acceptance of books, pamphlets, publications, data and other information or reading materials that are directly useful to PNOC in the performance of its mandates, objectives, and are given by individuals or organizations that have no pending business with PNOC as to create an actual or potential conflict of interest;
6. Unsolicited gifts of small or insignificant value given as a mere ordinary token of gratitude or friendship on special occasions between and among members of the PNOC Board, officers and employees.
7. Acceptance by members of the PNOC Board, officers and employees of a scholarships or fellowship grants, travel grants or expenses for travel taking place within or outside of the Philippines (such as allowances, transportation, food and lodging) if appropriate and consistent with the interest of the government with prior approval of the Chairman of PNOC, consistent with Section 7(d)(iii) of Republic Act No. 6713, the Code of Conduct and Ethical Standards for Public Officials and Employees.
8. Acceptance or availment by PNOC of grants from local or foreign institutions in the pursuit of mandates, projects and activities, such as those coming from ADB, World Bank, USAID, etc., provided that the availment thereof shall be strictly in compliance with applicable procurement laws, rules and regulations.



	Section NO GIFT POLICY	Section No.	Effective
	Subject RULES	Subject No.	Page 3 of 3

9. Honoraria given as speaker or resource person in seminars when such honoraria are authorized under existing laws, rules and regulations and subject to compliance with all the requirements prescribed therein. In the absence of such law, the honoraria must be proscribed especially if the speaker or resource person is speaking by reason of his/her office with PNOC.
10. Working lunches or dinners with clients, and other stakeholders of PNOC, that are of modest value and not beyond what is normal or customary in the business of PNOC, if such lunches or dinners are inevitable in the course of official transactions.

**D. Requirement to Inform** – Members of the PNOC Board, Officers and Employees are required to professionally inform any individual or organization with any actual or potential business with PNOC of this “No Gift Policy”, the reasons the PNOC has adopted this policy, and request that such individual or organization respect such policy.

Corresponding notices informing clients and visitors of this policy shall be posted within the premises and in the website of PNOC.

**E. Return and Acknowledgement** – If any members of the PNOC Board, officers and employees, receive a gift covered by the prohibition under this No Gift Policy, such gift shall be immediately and politely declined. An acknowledgement letter shall be sent to the donor informing him/her of the ‘No Gift Policy’ and that the gift has been returned or donated to a charitable or social welfare institution.

**F. Adoption of “No Gift Policy” in all Contracts of PNOC** – A provision adopting this Policy shall be incorporated in all contracts entered into by PNOC 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 PNOC.

Section NO GIFT POLICY	Section No.	Effective
Subject PENALTIES FOR VIOLATION	Subject No.	Page 1 of 1

Any violation of PNOC's No Gift Policy shall be subject to administrative sanctions under PNOC Employee Handbook, Civil Service Law, and other applicable rules and regulations.

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	Section NO GIFT POLICY	Section No.	Effective
	Subject DEFINITION OF TERMS	Subject No.	Page 1 of 1

- A. *PNOC* – refers to the Philippine National Oil Company.
- B. *Board of Directors/Directors* – refer to the members of the Board of Directors of PNOC.
- C. *Employee* – includes regular, temporary and coterminous rank and file employees and officers of PNOC.
- D. *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.
- E. *Policy* – refers to the “PNOC No Gift Policy”.
- F. *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 4th 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.