



WHISTLEBLOWING POLICY

A. PURPOSE

Tarlac Electric Inc. ("TEI") is committed to achieving and maintaining the highest standards of openness, probity and accountability. Employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. It is every employee's responsibility and for the benefit of TEI to ensure that any inappropriate behavior that compromise the interest of its shareholders, investors, customers and other stakeholders, including the wider public, does not occur. It is also critical to maintain a good corporate image and raise the standard of corporate governance of TEI. To this end, TEI has devised this Whistleblowing Policy (the "Policy").

The Policy aims to increase the awareness of maintaining internal corporate justice and regard this as a kind of internal control mechanism. It provides TEI's stakeholders a reporting channel and guidance on whistleblowing.

The Policy is designed to encourage Reporting Persons to raise such concerns to the proper reporting channels, in a responsible and effective manner, rather than overlooking the same.

B. SCOPE

The Policy applies to all TEI personnel, including members of the Board of Directors, officers, employees (permanent or temporary), as well as concerned advisors/consultants, third-party business partners, suppliers, service providers and other stakeholders of TEI as it pertains to the activities of TEI and its representatives.

C. DEFINITION OF TERMS

Reporting Person refers to the person/s reporting serious concerns about any suspected misconduct, malpractice, or irregularity which he/she has become aware of or genuinely suspects that TEI has been or may become involved in.

Whistleblowing refers to a situation where a Reporting Person decides to report serious concerns about any suspected misconduct, malpractice, or irregularity which he/she has become aware of or genuinely suspects that TEI has been or may become involved in (a "Whistleblower Report").

Whistleblowing Report refers to the report filed by the Reporting Person on serious concerns about any suspected misconduct, malpractice, or irregularity which he/she has become aware of or genuinely suspects that TEI has been or may become involved in.

D. APPLICATION AND POLICIES

This Policy is aimed to assist a Reporting Person to disclose information relevant to suspected misconduct, malpractice, or irregularity through a confidential reporting channel. The Policy is created to promote adherence to the Corporate Governance policies and values and the over-all well-being of TEI, and not designed to further any personal disputes or question financial or business decisions taken by TEI in good faith. Neither should it be used to reconsider any staff matters which have been addressed under existing grievance procedures.

Whistleblowing may include, but are not confined to, the following matters:

- a. Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters;
- b. Violation of the rules and regulations of TEI including, but not limited to, its Code of Business Conduct and Ethics and Anti-Bribery and Anticorruption Policy;
- c. Improper conduct or unethical behavior likely to prejudice the standing or reputation of TEI;

- d. Breach of legal or regulatory requirements;
- e. Criminal offenses, breach of laws and regulations and miscarriage of justice;
- f. Endangerment of the health and safety of an individual;
- g. Damage caused to the environment; and
- h. Deliberate concealment of any of the above.

I. Protection and Confidentiality

It is TEI's policy to make every effort to treat all disclosures in a confidential and sensitive manner after a Reporting Person raises concern about any of the above matters. The identity of the individual making genuine and appropriate allegation under this Policy shall be kept confidential unless disclosure is otherwise required by law or with the consent of the Reporting Person. In addition, Reporting Persons are also assured of protection against unfair dismissal, victimization or unwarranted disciplinary action, even if the concerns raised are afterwards dismissed.

TEI reserves the right to take appropriate actions against anyone who initiates or threatens to initiate retaliation against those who submit a Whistleblowing Report, including disciplinary actions.

Management will support all Reporting Persons and encourage them to raise concerns without fear of reprisals.

II. Procedures

a. Reporting Channel for TEI

A Reporting Person who has a legitimate malpractice concern can raise the matter directly to the TEI's Corporate Governance Committee – corporategovernance@teiph.com. The CG Committee will review the complaint and decide how the investigation should proceed. Depending on the circumstances or if the complaint pertains to matters which can be better investigated by another office, the CG Committee will refer the matter to a Special Committee ("SC") for a more detailed investigation. The SC may be composed of the Human Resources Department, Internal Audit, or other departments depending on the type of complaint.

The SC shall report directly to the Corporation's Corporate Governance Committee in dealing with Whistleblower Reports.

b. Reporting Format and Supporting Documentation

Whistleblowing Reports can be made in writing or by using the standard form (Whistleblower Report Form) attached to this Policy. While TEI does not expect the Reporting Person to have absolute proof or evidence of the misconducts, malpractices or irregularities reported, the Whistleblowing Report should show reasons for the concerns and full disclosure of any relevant details and supporting documentation.

The Whistleblowing Report should be sent to the TEI Corporate Governance Committee at Mabini St., Tarlac City, Tarlac, Philippines in a sealed envelope clearly marked "Strictly Private and Confidential — to be opened by the Addressee Only" to ensure

confidentiality, or by sending an e-mail to coporategovernance@teiph.com. The Reporting Person should identify himself/herself to aid in the investigation of the matter. Anonymous Whistleblower Reports are dealt with under *paragraph e* below.

The deliberate obstruction or impeding the submission of a Whistleblower Report or the investigation of the same by the TEI's personnel shall be considered as a serious offense.

c. Investigation Procedure

The format and length of an investigation will vary depending upon the nature and particular circumstances of each Whistleblowing Report made. The matters raised may:

- i. be investigated by the HR Department;
- ii. be referred to the SC for appropriate action.
- iii. be referred to the external auditor or third party; and/or
- iv. be the subject of an independent inquiry.

The TEI Legal Counsel will respond to the Reporting Person as soon as reasonably practicable but within five (5) working days from the receipt of the Whistleblowing Report:

- i. acknowledging that the concern has been received;
- ii. advising whether or not the matter is to be investigated further and if so what the nature of the investigation will be; and
- iii. giving an estimate of how long the investigation will take to provide a final response telling the complainant whether any initial inquiries have been made, and whether further

investigation will take place, and if not, providing an explanation therefor.

Depending on the complexity of the Whistleblower Report, the TEI Legal Counsel may acknowledge the receipt of the same and state that a longer time may be needed to review/ study the same before a more detailed response is submitted.

d. Malicious Reports

TEI reserves its right to take appropriate actions against any person who submits a false report maliciously, with an ulterior motive, or for personal gain. However, good faith in the submission of a Whistleblower Report shall always be presumed.

e. Anonymous Reports

As TEI takes reporting of misconduct, malpractices, and irregularities seriously, it is preferred that these Whistleblowing Reports are not made anonymously. However, it is recognized that for any number of reasons, the Reporting Person may not feel comfortable disclosing his/her identity. Depending on the seriousness of the allegations and evidence presented in the Whistleblower Report, the Corporate Governance Committee shall decide whether to proceed with an investigation or to dismiss the same summarily.

f. Due Process

The relevant personnel of TEI who are the subject of a Whistleblower Report shall be afforded due process in accordance with applicable laws and company policies.

g. Record Retention

Records shall be kept for all reported misconduct, malpractices, and irregularities by the relevant parties in TEI. In the event a reported irregularity leads to an investigation, the party responsible for leading/conducting the investigation shall ensure that all relevant information relating to the case is retained, including details of corrective action taken for a period not exceeding six (6) years (or whatever other period may be specified by any relevant legislation).

E. COMPLIANCE

1. The Compliance Officer shall take responsibility for ensuring compliance with the implementation of this Policy. He/she is also responsible for keeping the Board informed of any deviations from this Policy.
2. The Board of Directors of the Company must strictly comply with this Policy. Any non-compliance shall be investigated, and disciplinary actions shall be taken. Anyone who becomes aware of any violation of this Policy shall immediately report it to the Compliance Officer.

F. AMENDMENT OF THIS POLICY

The Corporate Governance Committee, in coordination with the Compliance Officer and other authorized persons, regularly review, update and improve the Policy.

G. APPROVAL

This Policy has been approved and adopted by the Board of TEI. The Corporate Governance Committee has the overall responsibility for implementation, monitoring and periodic review of this Policy.