



CODE OF CONDUCT FOR BANK EMPLOYEES

POLICY STATEMENT

1. It is the policy of the Bank to create and maintain a team of effective, efficient, competent and honest employees working together to attain the aim and vision of making **PHILIPPINE SAVINGS BANK ("Bank")** the leading and most admired retail bank in the Philippines.
2. The Bank's business success is based on ***honesty, integrity*** and ***professionalism***.
3. All Bank personnel are expected to do their share in protecting the image and organizational well being of the Bank by maintaining strict adherence to PSBank's business standards and professional policies embodied in this document, which shall be known as the **Code of Conduct ("Code")**.
4. No written policy can definitely prescribe an appropriate action for each business situation. On the other hand, this Code of Conduct seeks to define the minimum standards, which must be followed in all business dealings and relationships. The Code does not cover every possible subject or potential situation. It does discuss, however, the policies, which should guide an individual in daily work, and describe the minimum standard of conduct expected from everyone.
5. The Policies, Procedures, Rules, and Regulations of PSBank, Bangko Sentral ng Pilipinas, the just and authorized causes enumerated in the Labor Code of the Philippines for termination of employment, and, other applicable laws and enactments, shall be deemed part of this Code.

GENERAL POLICIES

1. Work Schedule

1.1 Work Hours

- 1.1.1 The normal work hours of all employees of the Bank are from 8:30 A.M. to 5:30 P.M. except in units where the nature of the work requires employees to perform work at different hours.
- 1.1.2 An employee's regular work schedule shall consist of only five (5) days a week, eight (8) hours per day, or a total of forty (40) hours per week. However, depending upon the nature of work and the exigencies of the service, Management may grant or impose temporary change of time schedule.

- 1.1.3 Management may also require work in excess of regular work days/hours (i.e. more than five days or forty hours a week) when the volume of work warrants it and shall compensate the employee/s for extra day/s or hours worked.
- 1.1.4 Some units have different workweeks or may require work on days other than the regular work schedule.
- 1.1.5 Every employee must be at his workstation actually working at the start of his work schedule.
- 1.1.6 All employees are entitled to take a non-compensable one (1) hour break. Coffee breaks of thirty (30) minutes are likewise allowed. There may, however, be a need to schedule meal and coffee breaks in certain units to avoid disruption of operations.

1.2 Attendance, Punctuality, and Schedule Adherence

- 1.2.1 Unscheduled and questionable absences should be avoided. To avoid sanction, an employee must notify either his/her immediate supervisor, or in the absence of the latter, the most senior staff present, or the HR Officer, within the first working hour or as soon as possible on the first day of absence, of the reason for his/her absence and the date when they can expect him/her to report for work. If the employee cannot make the call personally, he or she should ask a responsible member of his or her household to make the call.
- 1.2.2 All employees shall accomplish the proper leave application forms and secure due approval for all leaves taken.
- 1.2.3 Tardiness and absenteeism during trainings, seminars, or events for which the employee is enrolled shall not be allowed except in emergency situations as defined in the Benefits policy.
- 1.2.4 Adherence to schedule pertains to the beginning of and leaving from work/shift on time or as per schedule including proper observance of coffee and meal break periods.
- 1.2.5 An employee is required to perform his/her work function (i.e., taking calls, processing transactions) at the start of shift or official work schedule.
- 1.2.6 Official time shall commence at the time the employee reports at his designated workstation. An employee's salary for the corresponding pay period shall be adjusted accordingly taking into consideration the number of hours/minutes of tardiness incurred. Further, the employee may be subjected to corresponding corrective action as may be deemed appropriate.
- 1.2.7 Extending work hours to offset tardiness is not allowed.

- 1.2.8 An employee is considered tardy if he logs in beyond his official work schedule.
- 1.2.9 Habitual tardiness occurs when an employee has been tardy for more than six (6) times within the month and has accumulated more than thirty (30) minutes of tardiness.

1.3 Overtime Work

- 1.3.1 The Bank may require overtime work based on any of the grounds set forth in the Labor Code taking into account the principle of work-life balance. In such cases, the immediate supervisor shall authorize the overtime work before the employee is required to render overtime and becomes entitled to compensation for overtime work.
- 1.3.2 Only rank-and-file employees shall be compensated for overtime work.
- 1.3.3 Overtime work cannot offset under time work.
- 1.3.4 Upon the express approval of the Group Head or an authorized Bank Officer, overtime work rendered for at least eight (8) hours immediately after the regular working hours on special cases, such as but not limited to system breakdown/downtime and deadlines, may be offset against another working day.

1.4 Critical Work Days (CWD)

- 1.4.1 Critical work days are work days for which employee absence pose a serious hardship on Bank operations.
- 1.4.2 The Bank may declare a CWD order on any of the following circumstances or any instance as determined by any of the authorized Officers of the Bank (i.e., President, Executive Vice President, Group Heads of Operations, Branch Banking, Marketing and Customer Experience, Credit Administration, or Human Resources).
- 1.4.3 Some examples of typical circumstances to declare CWD:
 - a. Business Unit is expecting to receive high volume of calls and/or transactions due to peak seasons or emergencies
 - b. Holidays, days preceding and succeeding holidays, weekends and pay days, end of month days due to high volume of transactions and the like; and
 - c. Business Continuity/disaster recovery related situations, including testing (e.g., UAT), drills, and the like.

- 1.4.4 On critical work days, an employee may be required to render overtime work or report for work during his/her designated rest day/s and shall be compensated accordingly.
- 1.4.5 An employee who commits to report on a CWD but failed to do so shall be subject for disciplinary action.
- 1.4.6 In declaring a CWD, the following process shall be followed:
 - a. Step 1. Authorized Officer as defined above, notifies in writing the HR Group Head and/or HR Operations Head and the Division Heads, Managers, Supervisors, Team Leaders of the Group/Division/Department/Unit covered by the CWD of the Critical Work Day schedule at least five (5) work days prior to the scheduled CWD.
 - b. Step 2. Managers, Team Leaders, Supervisors inform respective employees of the scheduled Critical Work Day (CWD) order at least five (5) work days in advance through email, memo, and announcement posters. In case of delay of non-working holiday announcement by Malacañang, dissemination can be done at least two (2) work days prior to the scheduled CWD.
 - c. Step 3. If an employee is unable to report for work on a designated CWD, he/she must notify the concerned Manager, Team Lead, Supervisor or HR Officer at least two (2) hours before the start of the shift or official work schedule.
 - c.1 Notification shall be made through phone call (dedicated office landline number or through the mobile phone of his/her supervisor/manager).
 - c.2 SMS/Text messages are not allowed.
 - c.3 Such absence shall only be approved if it is due to an emergency situation as defined in the Benefits policy and subject to leave guidelines and procedures.
 - c.4 If illness or sickness is cited as the reason for his/her absence on a critical workday, the employee must provide a Medical Certificate from an accredited physician subject for verification by HR upon his/her return to work.
 - c.5 Home visits may be done as necessary

2. Personal Responsibilities

2.1 Appearance and Office Attire

- 2.1.1 All employees are required to report for work neatly groomed and properly attired.

- 2.1.2 If an employee is provided with a uniform, he or she is required to wear the same. If one is not provided with a uniform, one should wear appropriate business attire.
- 2.1.3 Fridays are not dress-down days. Employees must still follow the prescribed uniform.
- 2.1.4 Collarless t-shirts, tank tops, denims, rubber shoes, step-ins, slippers, and sportswear are considered improper office attire.
- 2.1.5 The proper office attire includes wearing the Bank's identification card.
- 2.1.6 The identification card must be worn at all times while within the Bank's premises.
- 2.1.7 The Bank may refuse entry to employees who do not comply with the office attire policy.
- 2.1.8 All Bank personnel are required to maintain a hairstyle befitting that of a Bank professional and any unusual hairstyle or haircut (e.g., punk, spiked, hairstyle with multi-color and/or bright tint, long hair for male personnel, etc.) must be avoided.
- 2.1.9 Wearing of earrings for male personnel and visible body piercings are likewise not allowed.
- 2.1.10 Visible tattoos are highly discouraged especially for employees with constant customer interactions.

2.2 Smoking

- 2.2.1 Pursuant to the Bank's policy of promoting a healthy working environment, smoking is prohibited within Bank premises.

2.3 Alcohol and Drugs

- 2.3.1 PSBank is a drug and alcohol-free institution. No one is allowed to report for work when under the influence of alcohol or illegal drugs.
- 2.3.2 The taking of alcoholic drinks in any form is not allowed in Bank premises unless part of an official function.

- 2.3.3 The taking or possession of illegal drugs inside Bank premises is absolutely prohibited.
- 2.3.4 The Bank shall undertake programs to ensure the wellbeing of its employees.

2.4 Gambling

- 2.4.1 Gambling in Bank premises is prohibited.
- 2.4.2 Bank employees, especially those handling money and property accountability, are likewise prohibited from going to gambling establishments and/or gambling online.

2.5 Visitors

- 2.5.1 For security reasons, the Bank must control access to its premises. At no instance shall unauthorized visitors be allowed access to areas where sensitive Bank functions are being performed or areas identified or marked as “off-limits to unauthorized personnel”, e.g., Trading Room, Data Center, etc.
- 2.5.2 Acknowledged visitors are under the responsibility of the employee being visited. Consequently, any misbehavior/misdemeanor and all unnecessary disturbance, property damage, or injury to any person inside the premises of the Bank created by these visitors, and, countenance thereof, shall be the responsibility of the concerned employee.

2.6 Health

- 2.6.1 The Bank promotes a healthy lifestyle among its employees. For the Bank to monitor the health of its employees, it has mandated that all must undergo the Annual Physical Check-up.
- 2.6.2 Employees should refrain from coming to work if they have contracted communicable diseases to avoid infecting others. Non-disclosure of such condition to Management will subject the employee to sanction as stated in this code.
- 2.6.3 As necessary, the Bank shall implement health programs to curb or mitigate the spread of communicable diseases, which the employees are likewise required to follow.

2.7 Safety and Security

- 2.7.1 Bank employees are required to hold in strictest confidence information and data relating to clients, business plans and marketing strategies, legal and remedial strategies, as well as proprietary or other confidential information that they may acquire in the course of their employment.
- 2.7.2 Employees are likewise prohibited from taking out of the Bank's premises Bank records and/or forms and/or from giving them to outside parties without prior approval.
- 2.7.3 The information assets associated with information processing equipment and systems should likewise be protected to avoid information security risks including but not limited to malicious software attacks, compromise of network and services, and, legal issues.
- 2.7.4 Care should be taken to ensure the security of papers and computer files of information and records, including data programs and vendor software, in one's custody.
- 2.7.5 As such, employees should only have access to data, computer software and to physical areas, which are necessary in the performance of their job functions.
- 2.7.6 No one should attempt to access data, computer systems, printouts and physical areas to which he or she has not been authorized.
- 2.7.7 The Bank's computer systems and data, including personal computers, word processors and associated magnetic media printouts, should be used only for authorized Bank-related business purposes.
- 2.7.8 Any program, policy, or literature created and designed for use of the Bank by an employee during his/her employment is deemed an intellectual property of the Bank. Unless authorized, the employee is prohibited from bringing, using, replicating or providing related data to any outside party during or after his/her employment with the Bank.
- 2.7.9 The obligation to safeguard confidential information continues even after the employee leaves the Bank. Thus, it is inherent in every employee the responsibility of reporting suspected incidents of Information Security breach as defined in the Policies and Procedures under Information Security.

2.8 Possession of Deadly Weapons

- 2.8.1 Unless prior written permission is obtained from HRG and Security Command Unit, carrying or possessing firearms and other deadly weapons such as knives

while inside Bank premises, during Bank functions in or outside Bank premises or while in the performance of duties as a Bank employee, is strictly prohibited.

2.9 Personal Finances

- 2.9.1 When an employee's acts adversely affect his financial and moral integrity, as a consequence, his continued employment adversely affects the Bank.
- 2.9.2 Know the importance of meeting financial obligations and living within means. As responsible individuals, all employees must be careful in the management of their personal financial affairs, and should avoid incurring debts, contracting loans or making excessive installment purchases that are beyond one's ability to repay as it would reflect unfavorably upon oneself and the Bank.

The Manual of Regulations for Banks (MORB) X143.1. states:

Temporarily disqualified. Directors / officers / employees disqualified by the Monetary Board from holding a director position for a specific/ indefinite period of time. Included are: Xxx (3) Persons who are delinquent in the payment of their obligations as defined hereunder: (a) Delinquency in the payment of obligations means that an obligation of a person with a bank where he/she is a director or officer, or at least two (2) obligations with other banks/financial institution, under different credit lines or loan contracts, are past due pursuant to

Sec. X306; (b) Obligations shall include all borrowings from a bank obtained by: (i) A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorser or surety for loans from such financial institutions; (ii) The spouse or child under the parental authority of the director or officer; (iii) Any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director or officer; (iv) A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and (v) A corporation, association or firm wholly-owned or majority of the capital of which is owned by any or a group of persons mentioned in the foregoing Items "(i)", "(ii)" and "(iv)"; This disqualification shall be in effect as long as the delinquency persists."

- 2.9.3 One must not enter directly or indirectly into any unlawful contract of guaranty or surety nor unlawfully guarantee the interest or principal of any

obligation of any person, co-partnership, association or other entity, to any other bank or credit institution or person.

- 2.9.4 Bankers are looked upon as persons of integrity and sound business judgment. It is every PSBanker's responsibility to maintain this stature in the community. Each employee must make sure that he or she does not get involved in litigations involving guaranty contracts.
- 2.9.5 Everyone is discouraged from guaranteeing the obligations of any party, other than loans covered by the Bank's Collective Bargaining Agreement (CBA) without prior approval from the PSBank Board of Directors.
- 2.9.6 Employees are prohibited from contracting loans from clients. They are likewise prohibited from excessive lending/borrowing amongst themselves. If an employee needs funds for an emergency, he or she is encouraged to discuss the problem with his or her supervisor for guidance.

2.10 Conflict of Interest

- 2.10.1 Each employee should ensure that his or her personal interests and that of his or her "affiliates" do not conflict with the duties which he or she must perform for the Bank or with the duties which the Bank performs for its clients. An "affiliate" is herein defined as:
 - a. Any relative by consanguinity or affinity within the third civil degree, any member of the employee's household or any person living with the employee, any person to whom the employee furnishes financial or material support, or any person having a similar personal relationship with the employee;
 - b. Any business in which the employee has a financial interest, the creditor or debtor or any person who could reasonably be expected to relieve the employee of some obligation, or to obtain some personal benefit for him or her;
 - c. Any trust estate the employee is administering or in which he or she has a financial interest as a beneficiary.
- 2.10.2 Likewise, employees should not transact business, on behalf of the Bank, with organizations in which they or their affiliates are connected.
- 2.10.3 Possible occasions wherein Conflict of Interest is committed:
 - a. Engaging in banking as defined by law

- a.1 Due to the sensitive nature of each one's position as Bank employee, engaging in Banking as defined by law is prohibited.
 - a.2 This provision includes the prohibition against conducting "lending and investing" business within or outside the Bank.
 - a.3 Everyone is prohibited from doing business out of lending money regardless of where this is conducted.
 - a.4 Particular attention is also given to the buying and selling of foreign currency. Aside from being a violation of FX regulations, this also deprives the Bank of legitimate business and PSBankers who indulge in foreign currency buying and selling are directly competing with the Bank. This leads to conflict of interest and is not allowed.
- b. Acceptance of Gifts
- b.1 All employees are prohibited from accepting gifts from clients or suppliers in any form, although gifts of nominal value that may be impractical to return and which are intended to generate ordinary goodwill are permitted.
 - b.2 Gifts in cash and/or check form must not be accepted and must be immediately returned.
 - b.3 The acceptance of presents from clients or suppliers at Christmas as well as the acceptance of money, property or services from individuals or corporations who transact with the Bank is both within the scope of this prohibition.
 - b.4 This provision is not intended to disallow the acceptance of gifts, per se, specifically if such gifts are given at appropriate occasions, for acceptable reasons, and are of reasonable value. Such receipt of gifts, however, must not result in inequity in the delivery of service to clients or influence business decisions.
 - b.5 Non-acceptance specifically applies to gifts in cash and gifts of excessive value such as foreign trips, expensive jewelry, gift cheques, mobile phones, home appliances, gadgets, other audio-visual equipment including game consoles , etc.
 - b.6 Most gift giving happens during the Christmas season and special occasions. While it would be impractical or inappropriate to return traditional gifts like food baskets, clothing materials and the like, clients should be made to understand that receiving cash in the form of currency or gift check is simply not acceptable.

- b.7 For any valuable gift that a PSBanker chooses to accept, for any reason or occasion, he/she is required to fill out a gift report upon acceptance of the gift, stating the item received, its approximate value, and the name of the giver.
- b.8 During the Christmas Season, officers and staff who choose to accept gifts are encouraged to donate what they receive to a pool of gifts to be raffled within the department or branch, or the entire Bank during the Christmas party or donated to charity.
- c. Direct or indirect dealings with clients, suppliers, contractors, service providers, etc.
 - c.1 All employees should likewise reject any attempt to influence business decisions including procurement and/or delivery of services by way of any compensation, commission, kickback, paid vacation, special discount on a product or service, entertainment or any form of gift or gratuity.
 - c.2 Bank personnel should be very cautious in purchasing goods or services from clients or suppliers of the Bank at lower than normal market rates.
 - c.3 This provision does not disallow commercial dealings with clients of the Bank. As a matter of fact, the Bank believes that, within reasonable bounds, we should patronize the services and products of our clients. However, employees should take extra care not to use Bank-client relations in getting special terms and/ or discounts as this can be counterproductive and can put the relationship with the client in question in the long run.
 - c.4 Overdue or aid in overvaluing any security for the purpose of influencing in any way the actions of the bank or any bank (as provided under Republic Act No. 8791 also known as the General Banking Law of 2000).
 - c.5 Outsource inherent banking functions (as provided under Republic Act No. 8791 also known as the General Banking Law of 2000).
- d. Self-dealing Transactions
 - d.1 Unless with proper approval, employees are not allowed to process transactions affecting their account or that of their relatives.
 - d.2 In cases of possible conflict of interest, one should promptly disclose or submit for review any such situations to one's supervisor or to HRG.

2.11 Non-disclosure of Information

- 2.11.1 Republic Act No. 1405 also known as the Law on Secrecy of Bank Deposits prohibits the disclosure of information relating to the deposits and investments of the Bank's clients. It is unlawful for any Bank employee to disclose to any person, government official, bureau or office any information concerning deposits, investments in trust accounts or in deposit substitutes and investments in bonds issued by the National Government. It is likewise a serious violation of the trust a client places on the Bank to disclose any information maintained by the Bank relating to the client.
- 2.11.2 Republic Act No. 6426 otherwise known as the Foreign Currency Deposit Act of the Philippines guarantees the secrecy of foreign currency deposits.
- 2.11.3 Republic Act No. 8791 also known as the General Banking Law of 2000 likewise requires the confidentiality of the funds and properties of the clients in the custody of the Bank.
- 2.11.4 Republic Act No. 10173 also known as the Data Privacy Act also mandates the protection of certain personal information relative to their processing for various purposes.
- 2.11.5 BSP Manual of Regulations for Banks (MORB) also requires the confidentiality of credit information of loan/borrowing clients albeit providing for certain exemptions.
- 2.11.6 Though there are exceptions to the general rule provided under the abovementioned laws and regulations, everyone is required to secure prior Legal and Compliance Office clearance for the release of any information concerning deposits.
- 2.11.7 All employees must take every precaution to protect the confidentiality of customer information, transactions and stated intentions.
- 2.11.8 Extra cautiousness when discussing the business affairs of Bank clients with people outside the Bank should be exercised.
- 2.11.9 Taking care in avoiding discussions on sensitive business matters, even with co-employees, in public places (including buses, rest rooms, streets, elevators, etc.) is required.
- 2.11.10 As strictly prohibited under the Anti-Money Laundering Act (AMLA) and for personnel security reasons as well, Bank employees must not disclose to clients concerned and/or with others the fact that a Suspicious Transaction Report (STR) and/or Report on Crimes & Losses (RCL) has been filed by the Bank with the AMLC/BSP relative to their accounts and/or transactions as the case may be.

2.11.11 To ensure the security of confidential information, each employee should always clear the top of his or her desk of all business-related materials, especially customer related confidential matters, during breaks and after office hours. One should also ensure that one's drawers and filing cabinets are always locked and in order and that all keys are safely kept.

2.11.12 The obligation to safeguard confidential information continues even after the employee leaves the Bank.

2.12 Financial Consumer Protection

2.12.1 BSP Circular No. 847 re: BSP Regulations on Financial Consumer Protection dated 21 November 2014 provides for the minimum standards of consumer protection in the areas of disclosure and transparency, protection of client information, fair treatment, effective recourse, and financial education that must be adhered to at all times in dealing with financial consumers in order to prevent regulatory violations and protect consumers from non-compliance and associated harms and/or losses.

2.12.2 Consumer-offensive behavior/acts/practices are prohibited under the Bank's FCP framework such as but not limited to the following:

- a. Making false, misleading, or deceptive statements that may materially and/or adversely affect the decision of the customer to avail of a service or acquire a product such as in selling, presenting/marketing, advertising and distributing promotional/marketing materials;
- b. Engaging in unfair, abusive or deceptive acts or practices in connection with any transaction with a consumer for a consumer financial product or service.
- c. Providing advice to customers merely to meet sales targets as may be driven by financial or other incentives;
- d. Employing high-pressure sales techniques;
- e. Forcing customers to sign contracts;
- f. Lending to persons who are already over-indebted without observing the Bank's policies & procedures in establishing an applicant-borrower's repayment capacity;
- g. Exposing or revealing client data to third parties without prior written consent from client, unless allowed under existing laws, rules and regulations;

- h. Applying unfair collection practices and/or tolerating the same in case collection function is outsourced to collection agents as provided for under Subsec. X304.11 of the MORB, such as but not limited to the following:
 - h.1 the use or threat of violence or other criminal means to harm the physical person, reputation, or property of any person;
 - h.2 the use of obscenities, insults, or profane language which amount to a criminal act or offense under applicable laws;
 - h.3 disclosure of the names of borrowers who allegedly refuse to pay debts, except as allowed under existing laws, rules & regulations;
 - h.4 threat to take any action that cannot legally be taken;
 - h.5 communicating or threat to communicate to any person credit information which is known to be false including failure to communicate that a debt is being disputed;
 - h.6 any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a borrower; and
 - h.7 making contact at unreasonable/inconvenient times or hours which shall be defined as contact before 6:00 A.M. or after 10:00 P.M., unless the account is past due for more than sixty (60) days or the borrower has given express permission or said times are the only reasonable or convenient opportunities for contact.
- i. Seizing collateral property without respecting customer's rights; and
- j. Giving price to buyers that is unfair to others when selling foreclosed/repossessed assets.

2.12.3 Cases of willful non-compliance with or violation against existing banking laws, rules & regulations as well as with internal policies & procedures concerning consumer protection as embodied in the Bank's Financial Consumer Protection (FCP) Compliance Program such as requirements on disclosure & transparency (e.g. terms & conditions, interest rate/fees/charges, etc.), client suitability as applicable, etc. are also punishable under this Code after due process of hearing.

2.13 Insider Information

- 2.13.1 Employees may not trade in the stock or other securities of the Bank based on inside information.
- 2.13.2 Inside information may include information that relates to clients of the Bank and can be in the form of advance knowledge about earnings, dividends, acquisitions, securities offerings and the like.
- 2.13.3 For the detailed rules and procedures to comply with, please refer to the Bank's Policy Against Insider Trading.

2.14 Use of Telephone, Mobile Gadgets, Social Networking Sites

- 2.14.1 All employees should answer the telephone professionally in a manner prescribed by the Bank's guidelines for proper telephone handling.
- 2.14.2 The Bank's telephone system shall be for official use only. Calls that are not in line with the business should be limited.
- 2.14.3 Only for emergency situations should the Bank's telephone be used for long-distance personal calls.

2.15 Use of Bank Supplies, Materials or Equipment

- 2.15.1 No one is allowed to use Bank supplies, materials or equipment or official forms/documents in connection with activities not related to official business.

2.16 Sales and Solicitations

- 2.16.1 Employees are prohibited to sell merchandise to and are proscribed from soliciting funds from clients. They may, however, pool personal contributions for a Bank activity or for their individual and/or corporate social responsibility, provided that this has the prior permission of the HRG or the Department/Branch Head.
- 2.16.2 Employees may sell merchandise to their fellow employees outside the Bank's working hours.
- 2.16.3 Outsiders are strictly prohibited from selling merchandise or soliciting in Bank premises. They may however do so to or from employees but with prior permission from the Department/Branch Head.

2.17 Personal Affairs

2.17.1 As bank employees, PSBankers are more subject to public censure for bad habits, immoral acts, and mismanagement of personal lives than those engaged in other professions. Thus, each one must always be guided by good ethical and moral standards in the conduct of his or her personal affairs so that there can be no opportunity for unfavorable reflections upon the Bank.

2.18 Sexual Harassment

2.18.1 The Bank prohibits sexual harassment of any form. A separate policy is devoted to guiding employees in identifying and handling the offense.

2.19 External Activities

2.19.1 No one should accept outside employment/directorship in another company or engage in business activities without the prior written approval of Management.

2.19.2 One must get the approval of one's Group Head before one takes on another job or pursue studies that will conflict with the work schedule.

2.20 Reporting of Impropriety and Malpractice

2.20.1 Employees should immediately report to their officers or directly to HRG or Audit any or all noted impropriety and malpractices committed by other employee/s for investigation.

2.20.2 For the protection of informants, their identities shall be kept in utmost confidentiality.

2.20.3 For the detailed rules and procedures to comply with this, please refer to the Bank's Whistle Blowing policy.

2.21 Money Laundering and Terrorism Financing

2.21.1 The Bank subscribes to and adopts the State's policy to protect the integrity of its clients' accounts and to ensure that it shall not be used as a money laundering and/or terrorism financing site and conduit for the proceeds of unlawful activities as well as the life, liberty and property from acts of terrorism by condemning such acts and those who support and finance it as a crime against the Filipino people, against humanity and against the law of nations.

2.21.2 Towards this end, the Bank condemns any and all acts or omissions by its employees that are considered under the Anti-Money Laundering Act (AMLA per RA No. 9160 as amended by RA Nos. 9194, 10167 and 10365) and its

RIRRs and the Anti-Financing of Terrorism Act (AFTA per RA No. 10168) as punishable money laundering and terrorism financing-related crimes and offenses. The imposition of the Bank's administrative sanctions shall likewise be pursued after due notice and hearing and without prejudice to the BSP's and/or the Anti-Money Laundering Council's filing of administrative and/or criminal charges against the persons responsible for the violation(s).

2.21.3 For the detailed AMLA/AFTA rules and procedures that should be adhered to, please refer to the Bank's Money Laundering & Terrorism Financing Prevention Program (MLTFPP) particularly under the chapter for Sanctions and Penalties.

CLASSIFICATION OF OFFENSES

Simple Offenses. These are policy violations that are simple in nature. Examples are tardiness, not wearing company identification cards, improper office attire. Simple Offenses result in corrective action of verbal reminder up to a sanction of written reprimand unless offense becomes habitual or repeated.

Moderate Offenses. Repeat of a simple offense or an offense that merits at least one (1) day suspension.

Grave Offenses. Offenses that put the integrity of the employee in question, that affect company interests, and/ or result in substantial monetary or non-monetary (e.g., public trust and confidence) loss to the Bank. Examples are fraud, soliciting or accepting favors/ bribes, gross negligence, and qualified theft. These offenses merit the penalty from suspension to dismissal of the employee/s involved.

Simple Offenses and Moderate Offenses if they become chronic or habitual should fall under Grave Offenses and may likewise result to the penalty from suspension to dismissal of employee/s involved.

DISCIPLINE MANAGEMENT FRAMEWORK

The framework outlines the processes on how employee discipline management will be handled to ensure that the employee is given due process and Bank policies and procedures and applicable labor laws and regulations are complied with.

PS BANK DISCIPLINE MANAGEMENT FRAMEWORK



1. Discipline Management Process

1.1 STEP 1 Initial Investigation

1.1.1 Employee discipline is primarily a line function. Thus, Team Leaders, Supervisors, and Managers are responsible for the proper implementation of disciplinary action when an employee fails to meet the job standards and/or behaves in a manner which interferes with the work of others or violates the Bank's policies.

5.1.2 Hence, the Line is expected to conduct its own investigation and/or prepare an Incident Report and endorse it to proper units for investigation, if needed. These units are as follows:

- a. Human Resources Group (HRG) for any infractions giving emphasis to those pertaining to personnel policies;
- b. Internal Audit Group (IAG) for infractions pertaining to policies and procedures affecting the Bank's operations, and/or) for infractions involving a third party

Note: At any time in this administrative process, should there be a need for regulatory reporting, like in the cases of crimes and losses, HRG reports to the Bangko Sentral ng Pilipinas (BSP) and the Anti-Money Laundering Council (AMLC) using the Report on Crimes and Losses (RCL) and Suspicious Transactions Report (STR) forms, respectively in accordance with the Bank's Money Laundering & Terrorism Financing Prevention Program (MLTFPP). Please see Step 7 for further details.

- 5.1.3 For cases involving Sexual Harassment allegations, HRG conducts the investigation and evaluation of case facts.
- 5.1.4 If the continued presence of the employee poses imminent threat/risk to life, property and operations, HRG in consultation with IAG and Legal places the employee on preventive suspension while the Bank conducts an audit or inquiry on matters connected with their duties or in line with any investigation in the Bank.

5.2 STEP 2 Notification

- 5.2.1 HRG/IAG or the line evaluates the facts of the case and determines the type of infraction committed, and proceed as follows:
 - a. Cases of Simple Offenses should be resolved as close to the source as possible. Supervisors may call the employee's attention regarding the infraction by issuing reminders or asking the latter to explain the reason for the infraction and may issue verbal and written reprimands depending on the gravity or propensity of the offense. Supervisors should deliberate and evaluate based on the reply and issue appropriate reprimand based on schedule of penalties.
 - b. Cases of Moderate Offenses require the intervention of higher management and/or Human Resources. These types of offenses would require a penalty higher than a written reprimand but does not constitute a grave offense. HRG determines whether the violation should be elevated to the level of the investigating body or resolved at the Group Head level.
 - c. For Grave Offenses, HRG together with Group Head issues the REM. The REM shall be based on the report submitted by IAG or its own investigation.
 - d. In the case of officers and staff who may be found violating any of the requirements under the Bank's Money Laundering & Terrorism Financing Prevention Program (MLTFPP), they shall be asked by Compliance Office (CO) via REM to submit their written explanation/s within forty-eight (48) calendar hours. Upon receipt of explanation, CO shall conduct an initial evaluation thereof and shall elevate the same to the AML Compliance Committee (AMLCC) for deliberation.
 - e. For cases involving Sexual Harassment allegations, HRG sends the REM to the employee.

- 5.2.2 Request for Explanation Memos should contain the following, in addition to the REM requirements cited in herein Paragraph 2. 21:
- a. Description of the alleged infraction/offense committed
 - b. Acts/omissions constituting the offense and attending circumstances
 - c. Manner of commission, place, the time, and the date of commission
 - d. Possible consequence/s

5.3 STEP 3 Explanation

- 5.3.1 The employee is given ample opportunity to reply to the allegations as contained in the REM. For simple to moderate offenses as well as violations of the provisions of the Bank's MLTFPP, the employee has forty-eight (48) calendar hours to submit his/her reply. For grave offenses, the employee has five (5) work days to submit his/her reply.
- 5.3.2 Should the employee fail to submit an explanation within the prescribed period, it shall be deemed a waiver of his/her right to reply.

5.4 STEP 4 Deliberation

- 5.4.1 For grave offenses, deliberation shall be performed by CARE and elevated to Percom for decision.
- 5.4.2 For moderate offenses, deliberation shall be done by the Group Head and HRG, unless CARE is requested to conduct the deliberation, in which case, the matter shall be elevated to Percom for decision.
- 5.4.3 For simple offenses, deliberation shall be done by the line manager/s in coordination with HRG.
- 5.4.4 For violations of the provisions of the Bank's MLTFPP, deliberation shall be done by the AML Compliance Committee (AMLCC) which may decide to impose a written warning or written reprimand a copy of which is placed in the employee's 201 file. However, if it deems that the imposable administrative sanction is at least suspension, the same shall be elevated to the Percom for decision.
- 5.4.5 As an additional opportunity to defend themselves against the charges leveled against them, the CARE hears the employee/s involved. If deemed necessary, counsel may also assist the Bank during the hearing. For better appreciation of the case, the Bank may likewise invite a resource person in the hearing. During the hearing, the Committee can ask the resource

person/s to answer any question they wish to clarify from the employees' written explanations.

5.4.6 For cases involving Sexual Harassment allegations, HRG sends the Notice of Hearing to the employee/s involved. The Committee on Decorum and Investigation shall conduct the hearing and deliberation.

5.4.7 In the course of evaluating and deliberating on the case, the CARE/CoDI/AMLCC/CPCOM shall probe the presence of any aggravating and/or mitigating circumstances surrounding the case:

- a. Aggravating Circumstances are circumstances that tend to increase the seriousness/gravity of the offense and merit increasing disciplinary action such as but not limited to:
 - a.1 Employee has previous record of the same, similar, or multiple offenses within the past five (5) years;
 - a.2 Employee has been guilty of multiple or habitual misconduct or habitualness;
 - a.3 Employee has caused the Bank great amount of actual damage or loss or loss exposure;
 - a.4 Employee has premeditated the commission of the offense;
 - a.5 Employee was motivated by a reward or a promise of reward in the commission of the offense;
 - a.6 Employee has benefited from the offense;
 - a.7 Employee occupies a position of trust and confidence such as those trusted with safeguarding Bank funds and properties;
 - a.8 Employee has poor performance record;
 - a.9 Employee is under the influence of drugs, or alcohol when he committed the offense;
 - a.10 Employee has taken advantage of the emergency situation;
 - a.11 Employee has imposed his position upon a subordinate to commit an offense;
 - a.12 Employee is found to have habitually committed the act;
 - a.13 Other similar and analogous circumstances.
- b. Mitigating Circumstances are circumstances that tend to lessen the seriousness/gravity of the offense and merit decreasing disciplinary action such as but not limited to:

- b.1 Employee has been in the service of the Bank for a relatively long period of time, except for cases involving dishonesty and fraud;
- b.2 Employee has not committed a similar offense for the last five (5) years;
- b.3 Employee has no malicious intent;
- b.4 Employee has a good performance record;
- b.5 Employee has not caused substantial damage or loss to the Bank;
- b.6 Employee did not benefit from the offense;
- b.7 Employee admitted the guilt spontaneously and fully cooperated during the conduct of the investigation;
- b.8 Employee did not have the intent to defraud;
- b.9 Employee erred in judgment;

- b.10 Employee followed a wrong order of a superior in good faith or under threats, intimidation, or coercion;
- b.11 Employee was provoked to commit the offense.

- 5.4.8 From the hearing, the documents available and substantive evidence, the CARE CARE/CoDI/AMLCC/CPCom ascertains the guilt and liability, if any, of the employee/s involved.
- 5.4.9 The result of the probe by CARE/AMLCC is elevated to the Percom. For confidentiality purposes, case details elevated to the CoDI shall remain in the custody of HRG.
- 5.4.10 The Percom shall evaluate and approve the appropriate penalty as may be warranted by the lists of offenses and facts and circumstances of the case, with the following in view:
 - a. The range of penalty from reprimand to dismissal shall not preclude the imposition of a lesser penalty if there are mitigating circumstances attendant to the commission or omission of an act complained of.
 - b. Similarly, the imposition of a heavier penalty than what is prescribed may be imposed because of the presence of aggravating circumstances attendant to the commission or omission of the offense.

- c. If there is loss or damage to the Bank, the employee, once found guilty, shall indemnify the Bank to the extent of the loss or damage as part of the penalty imposed.

5.5 STEP 5 Decision

- 5.5.1 All decisions on cases elevated to the CoDI shall emanate from the CoDI.
- 5.5.2 The decision is conveyed to the employee through a Final Decision Memo (FDM) signed by the HRG Head and the Group Head.
- 5.5.3 Should the FDM require the employee to be accountable for restitution, HRG will initiate procedures in handling employee accountabilities arising from administrative cases, through salary deduction, application to the employee's separation benefits, etc.

5.6 STEP 6 Documentation

- 5.6.1 Case documents shall be kept in the 201 files of the employees, if applicable.

5.7 STEP 7 Statutory Reporting

- 5.7.1 Statutory reporting may apply in conjunction with Step 1 according to the following parameters:

At any time in this administrative process, should there be a need for regulatory reporting, like in the cases of crimes and losses, HRG reports to the BSP and the AMLC using the Report on Crimes and Losses (RCL) and Suspicious Transactions Report (STR) forms, respectively in accordance with the Bank's MLTFPP.

- 5.7.2 Final report shall be submitted to regulatory bodies and internal units such as BSP, CPEG, RMO, IAG upon closure of the case.
- 5.7.3 Cases deliberated and decided on by the CoDI are exempt from this step.

CORRECTIVE MEASURES

1. Initial Warning

1.1 The initial warning is the first step in the disciplinary management process. It is usually given for simple offenses.

1.2 Initial warning is either a verbal reminder or written reprimand addressed to an employee reminding him/her of an infraction committed. This memo may also include counseling, advising employee against repetition of the same or similar offense to avoid imposition of the next higher penalty.

1.2.1 Verbal Reminder

- a. A verbal reminder is the first step to the disciplinary management process. It is usually given for simple offenses. It serves as an initial warning addressed to an employee reminding him/her of an infraction committed. This memo may also include counseling, advising employee against repetition of the same or similar offense to avoid imposition of the next higher penalty.
- b. The Verbal Reminder involves a verbal discussion between a Team Lead, Supervisor, or Manager and the employee where:
 - b.1 Employee is informed that his behavior is considered serious enough to merit the use of corrective measures;

- b.2 Employee is informed of the unacceptability of his/her behavior and the needed corrective action;
- b.3 Employee is advised against repetition of the same or similar offense to avoid imposition of the next higher penalty;
- b.4 Employee is encouraged to correct the unacceptable behavior;
- b.5 Documentation of the verbal reminder and discussion for future reference (i.e. coaching, counseling). Documentation does not go into the employee's 201 file. Safekeeping of documentation is in the care of the employee's team lead, supervisor, or manager.

1.2.2 Written Reprimand

- a. A written reprimand is given to an employee when he/she continues to commit an infraction for which a verbal reminder was previously given or when the offense committed is sufficiently serious in nature, even if there was no verbal reprimand given.
- b. The written reprimand should:
 - b.1 Refer to the previous documentation of verbal reprimand, if any;
 - b.2 State the issue;
 - b.3 State the corrective measure to be taken;
 - b.4 State a reasonable time period to rectify the offense committed;

- b.5 Include documentation of the reprimand and discussion for future reference (i.e., coaching, counseling). Documentation goes into the employee's 201 file.
 - b.6 Indication of future consequences should the problem remain uncorrected within a specified timeframe e.g. may disqualify transfer or promotion within the six (6) months period.
 - b.7 May disqualify the employee for incentive program for the month, if any.
 - c. Upon the direction of the AML Compliance Committee (AMLCC) based on the results of its deliberation of submitted explanation for violations of the provisions of the Bank's MLTFPP, Compliance Office (CO) may issue a Written Warning or a Written Reprimand cc: 201 file to the erring/violating personnel. If however the impossible administrative sanction recommended by the AMLCC is higher than a Written Warning or a Written Reprimand, the case shall be elevated to the Percom for decision following the normal course of administrative process as defined in this Code.

2. Suspension

- 2.1 Suspension is an enforced temporary cessation of work for a designated period - without pay and benefits imposed on an employee who has committed an infraction

repeatedly or an offense of a more serious nature which requires severe corrective action as a penalty.

2.2 The duration of the suspension will depend on the nature of the offense. This will automatically disqualify the employee for transfer, promotion within one (1) year from the time the offense was committed.

2.3 Suspension may be preventive as authorized by law as when the presence within Bank premises or when the continued employment of an employee poses a serious and imminent threat to the life or property of the Bank or that of his/her co-employee, or when the presence of the employee will unduly prejudice the conduct of the administrative investigation. No preventive suspension shall be longer than thirty (30) calendar days. The employer shall thereafter reinstate the employee in his/her former or in a substantially equivalent position. The period of preventive suspension may be extended, provided that the salary and benefits due to the employee concerned are paid during the period of extension.

3. Termination/Dismissal

3.1 Termination involves dismissal of an employee from work for just cause without any separation benefit. No employee shall be dismissed for cause without due process.

4. Restitution of Loss

4.1 Whenever appropriate or applicable, compensation for damages or restitution of losses shall be required from the concerned employee.

- 4.2 Restitution shall be imposed for negligence and violation of regulations by an employee resulting in damage or loss of Bank assets/property.
- 4.3 Employees shall be required to pay all amounts arising from the incident in addition to other disciplinary penalties, as applicable.
- 4.4 For amounts more than Two Thousand Pesos P2,000.00 for which the employee does not have the capacity to pay in ninety (90) days through salary deduction as mentioned in PP-2009-150 re: Overages and Shortages effective August 4, 2009, the same may be paid for a longer period, upon the express-approval of the employee's Group Head based on the employee's capacity and looking at the credit ratio if it would have been a loan, as recommended by HRG.
- 4.5 In case of termination, employee shall be required to pay the Bank the full amounts arising from the incident.

5. Other Legal Actions

- 5.1 Administrative sanctions do not preclude any possible legal action the Bank may deem appropriate to take under the circumstances.