



## **CODE OF CONDUCT**

### **SECTION I. RATIONALE**

The Philippine National Bank ("Bank") recognizes that its commitment to provide excellent products and efficient service to its clientele can only be achieved through the continuous and unwavering support of a highly professionalized, well-trained and disciplined workforce. Discipline is therefore of paramount importance to achieve efficiency and effectiveness in the business and operations of the Bank.

This Code of Conduct ("Code") is constituted to prescribe a moral code for PNB employees which would not only instill discipline among them but would yield higher productivity at the workplace and enhance and safeguard the corporate image of the Bank. While this Code defines the offenses as well as the corresponding disciplinary measures that may be imposed, its overall intent is more of prevention of the infraction rather than the administration of disciplinary measures.

### **SECTION II. COVERAGE**

The provisions of this Code shall apply to all employees of the Philippine National Bank including its overseas branches/offices and PNB foreign and domestic subsidiaries. The term employees shall refer to officers and rank and file including probationary employees.

### **SECTION III. STANDARDS OF CONDUCT**

This Code defines and provides the standards of conduct expected of all employees and enumerates the acts or omissions prejudicial to the interest of the Bank.

#### **A. HONESTY**

Honesty is an essential virtue. All employees are expected to be honest, truthful and upright in the performance of their work, in the handling of Bank funds and properties, and in their dealings with fellow employees, Bank clients or the public.

The employees shall neither engage directly nor indirectly in any form of dishonesty or fraud nor conceal any acts nor facilitate or aid in the commission thereof.

#### **B. PROPER CONDUCT AND BEHAVIOR**

The employees shall conduct themselves with proper decorum at all times within or outside Bank premises in order to protect the good name of the Bank as well as to merit and maintain the confidence not only of Bank clients or customers but also the public in general.

#### **C. WORK RESPONSIBILITIES**

The employees shall do their assigned work with utmost efficiency and dedication to duty, and with the highest degree of excellence, professionalism and skill.

**D. BANK PROPERTY**

The employees are expected to properly use, protect from damage or loss and conserve the properties/assets of the Bank.

Employees are authorized to use Bank property/asset for official use only. The use of any Bank property for private purpose or personal benefit is proscribed/prohibited.

**E. ATTENDANCE AND PUNCTUALITY**

The employees must be punctual and regular in their attendance. They are expected to report for work on time and perform their work responsibilities during working hours.

**F. OFFICIAL ATTIRE/IDENTIFICATION CARD**

When reporting for work, all Bank employees must wear the prescribed office attire/uniform. For security and identification purposes, all employees are likewise required to wear their Bank issued identification cards within the Bank premises.

**G. HEALTH AND SAFETY**

The employees are responsible for the promotion of proper housekeeping, cleanliness and safety not only within their work area but within Bank premises.

**H. SECURITY BREACH**

Employees are expected to preserve the confidentiality and integrity of information and strictly observe the policies on information security.

**I. DISCLOSURE OF CONFLICT OF INTEREST**

Every employee is obligated to declare and divulge in writing to the Bank his participation, whether direct or indirect in any endeavor which may constitute an actual or potential conflict of interest with that of the Bank and its subsidiaries or affiliates.

**SECTION IV. JURISDICTION**

The designated Disciplinary Authority exercises jurisdiction over the following personnel:

1. Employees of PNB and its domestic branches;
2. Employees of PNB Head Office (Philippines) assigned to PNB overseas branches/offices and foreign subsidiaries; and
3. Employees:
  - 3.1 locally hired by PNB overseas branches/offices/foreign subsidiaries; and
  - 3.2 of domestic subsidiaries.

**SECTION V. DISCIPLINARY AUTHORITY**

| Offense/Penalty   | Disciplinary Authority   |
|---|--|
| Cases on attendance (tardiness)   | Group Head   |
| Minor and Less Serious Offense  | Group Head or Division Head (if no Group Head) or HRG Head   |
| Serious Offense   | <p><b>Ethical Standards Committee</b></p> <p><b>Chairperson:</b><br/>Legal Group</p> <p><b>Vice Chairperson</b><br/>Human Resource Group</p> <p><b>Members:</b></p> <ul style="list-style-type: none"> <li>• International Transactions Processing Division</li> <li>• Retail Banking Sector Sales and Support Group</li> <li>• Enterprise IS/IT Security Management Group</li> <li>• Internal Audit Group</li> </ul> <p><b>Secretariat:</b><br/>HRG Industrial Relations Officer</p> <p><b>NOTE:</b> Membership of the Ethical Standards Committee shall be reviewed periodically subject to fit and proper rule.</p> |
| Restitution for losses not exceeding P50,000.00 (e.g. shortages with no indication of fraud or dishonesty)  | Group Head or Division Head (if no Group Head) or HRG Head   |
| Restitution for losses exceeding P50,000.00 (even with no apparent fraud or dishonesty)   | Ethical Standards Committee  |
| <p>Termination</p> <ul style="list-style-type: none"> <li>• Officers with the rank of Vice President and up</li> <li>• Officers with the rank below Vice President and Rank and File Employees</li> </ul> | <ul style="list-style-type: none"> <li>• The Ethical Standards Committee and/or Human Resource Group to transmit its recommendation to the Board of Directors through the Office of the President and Corporate Governance Committee for approval / disposition</li> <li>• Ethical Standards Committee and/or Human Resource Group, for notation of the Office of the President</li> </ul>   |

The decisions and conclusions of the proper Disciplinary Authorities, after due notice and giving the employee concerned the right to be heard, shall be binding, final and executory. Failure to comply shall be a ground for the offense of insubordination as stated in this Code of Conduct, which shall be in addition to the original offense adjudged.

## **SECTION VI. CLASSIFICATION OF OFFENSES**

### **A. MINOR OFFENSES**

Refer to -

- an act by an employee which results in the violation of any Bank policy, rule or regulation without causing financial loss to the Bank, physical injury to any Bank employee or third party or damage to Bank property or reputation.
- those which constitute an omission or oversight.
- those which arise from simple negligence, not malicious intent, without resulting in serious disadvantage to the Bank or any of its employees or clients.

Minor Offenses are punishable with basic penalties ranging from Written Reprimand to Suspension for five (5) days.

### **B. LESS SERIOUS OFFENSES**

Refer to offenses which indicate a disregard of the Bank's interests including repeated violations within a relatively short period of time (a period of less than a year) of Bank policies, rules and regulations and which otherwise would have been minor offenses, or the culpable commission or omission of an act which results in serious embarrassment or inconvenience to the Bank or any of its employees or clients.

Less Serious Offenses are punishable with basic penalties ranging from suspension for six (6) days to suspension for thirty (30) days.

### **C. SERIOUS OFFENSES**

Refer to acts or omissions, characterized by:

- wanton, deliberate and malicious intent
- gross negligence
- habitual disregard of established procedures
- serious undermining of authority
- breach of trust relative to confidential information
- public scandal and consequent erosion or loss of confidence
- financial loss or administrative/operational difficulty or corporate embarrassment to the Bank or physical harm to its stockholders, public, officers or employees.

Serious Offenses are punishable with basic penalties ranging from suspension for thirty-one (31) days to dismissal.

## **SECTION VII. DISCIPLINARY ACTIONS AND PENALTIES**

### **A. WRITTEN REPRIMAND**

This penalty is imposed upon an employee who commits a minor offense for the first time. This is served upon the offender to warn him that a repetition of the offense will subject him to a higher penalty.

**B. RESTITUTION**

Restitution is a substitution or making good a loss in its entirety or part thereof. Where applicable, it is imposed either singly or in addition to the applicable penalty(ies) described above or when the Bank opts not to impose a penalty upon an employee who has committed an offense which causes damage to the Bank. It shall be satisfied through outright collection of the amount or withdrawal of or deduction from salaries, bonuses and other monetary benefits that said employee may receive and/or be entitled to.

Depending on the gravity of the offense committed, the amounts to be restituted shall bear interest at the rate of twelve percent (12%) per annum until fully paid. In this regard, the Ethical Standards Committee shall make a determination on whether the imposition of interest charges is necessary.

**C. SUSPENSION**

This penalty is a physical detachment from service for a specific period of time without pay depending on the gravity of the offense or violation. For minor offenses, the period of suspension shall be from one (1) working day but not to exceed five (5) working days; for less serious offenses, from six (6) working days but not to exceed thirty (30) working days; and for serious offenses, from thirty-one (31) working days but not to exceed sixty-six (66) working days.

An employee who is suspended shall not be entitled to any remuneration or employment benefits (i.e., vacation/sick leave, 13th month pay, incentive bonus, emergency allowance etc.) during the period of suspension.

**D. DISMISSAL**

It is the termination of an employee's services for cause. The employee shall automatically forfeit all benefits including money value of leave credits which would normally accrue to him on retirement or separation for reason/s other than for cause.

**E. WRITTEN REMINDER**

A written admonition issued to an employee to remind him that a similar act of omission or commission may warrant a disciplinary action/penalty as provided for in this Code. This is issued to an employee who may have committed an offense but such may not warrant a disciplinary penalty after taking into consideration the facts of the case. A Reminder is not considered a penalty.

**SECTION VIII. WITHHOLDING OF BENEFITS**

- a. An employee cited in audit or under investigation or with pending administrative case may be allowed to retire/resign from the service. The payment of his Regular Retirement Plan (RRP) benefits, if qualified, Money Value of Leave Credits (MVLC) and Year-End Benefits (YEB) due him shall be held in abeyance up to the extent only of the estimated amount of the possible financial loss or damage to the Bank until he shall have been cleared of liability by the designated Disciplinary Authority (DA). In the absence of any actual or potential Bank loss as determined by the designated Disciplinary Authority, these benefits shall not be withheld on the basis solely of the pendency of the administrative cases.
- b. However, benefits and allowances regularly received by the employee as part of his compensation package (e.g., RATA, Rice and Sugar Subsidy, Meal Allowance, Bonuses, Optical/Dental/Out-Patient Benefits, etc.) and the Basic Hospitalization Benefits under the Bank's Revised Hospitalization Plan shall not be withheld during the pendency of the employees' administrative case.

**SECTION IX. CIRCUMSTANCES AFFECTING ADMINISTRATIVE LIABILITY****A. MITIGATING CIRCUMSTANCES**

Mitigating Circumstances are those that tend to lessen the seriousness/gravity of the offense and merit decreasing disciplinary action. The mitigating circumstances include but are not limited to the following:

1. Employee has been in the service of the company for a relatively long period of time which, for this purpose, is at least five (5) years during which time he has not committed a similar offense and that said employee has a good performance record.
2. Employee has not caused substantial damage or loss to the Bank.
3. Employee did not benefit from the offense.
4. Employee admitted the guilt spontaneously.
5. Employee did not have the intent to defraud.
6. Employee erred in his judgment.
7. Employee followed a wrong order of a superior in good faith or under threats, intimidation or duress.
8. Employee was provoked to commit the offense.

In cases of offenses involving gross dishonesty or fraud, mitigating circumstances shall not be appreciated.

**B. AGGRAVATING CIRCUMSTANCES**

Aggravating Circumstances are those that tend to increase the seriousness/gravity of the offense and merit increasing disciplinary actions. The aggravating circumstances include, but are not limited to the following:

1. Employee has a previous record of other offenses within the past five (5) years.
2. Employee has caused the Bank great amount of damage or loss.
3. Employee was motivated by a reward or a promise of a reward in the commission of the offense.
4. Employee has benefited from the offense.
5. Employee occupies a position of trust and confidence such as those entrusted with safeguarding company funds and properties.
6. Employee had taken advantage of and/or utilized his position in the commission of the offense.
7. Employee has a poor performance record.
8. Employee is under the influence of drugs or alcohol when he/she committed the offense.
9. Employee has taken advantage of emergency situations.

10. Employee has premeditated the commission of the offense.

11. Employee has imposed his position upon a subordinate to commit an offense.

**SECTION X. ADMINISTRATIVE PROCEDURES GOVERNING PNB DOMESTIC OR OVERSEAS BRANCHES/OFFICES**

**SUB-SECTION 1. THE INVESTIGATION SHALL BE CONDUCTED BY THE FOLLOWING FACT-FINDING COMMITTEES ("FFC"):**

a. Domestic Regional/Branch Cases

Cases involving Branch employees (including those belonging to the different Business Centers (BC) and Loan and Trade Centers (LTC) -

|             |   |  |
|-------------|---|--|
| Chairperson | - | Branch Manager   |
| Members     | - | Two most senior officers, i.e. Sales and Service Head; and Sales and Service Officer of the Branch |

b. Head Office Cases

|             |   |  |
|-------------|---|--|
| Chairperson | - | Division Head concerned                |
| Members     | - | Two (2) other officers of the Division |

c. Overseas Branches/Offices Cases

|             |   |  |
|-------------|---|--|
| Chairperson | - | Supervising Officer  |
| Members     | - | Two (2) other officers of the Branch/Office or Officers from the supervising Office at Head Office |

d. For Sexual Harassment Cases under R.A. 7877 – the Committee on Decorum and Investigation (CDI), as provided for under the Bank's Policy on Anti-Sexual Harassment, shall act as the Fact Finding Committee.

In offices involving multiple divisions (branch and BC or LTC), any of the officers therein may be designated as members of the Fact Finding Committee ("FFC").

In case any of the members of the Committee is the subject of inquiry, or in case the branch has only two officers, an alternate, who shall also be an officer, shall be designated by the respective Group Head (or Head of Office if no GH) or Region Head, to complete the committee membership. Such alternate shall have all the rights and duties of a regular member of the Committee.

The Employee Relations Officer (ERO) shall resolve questions on the FFC composition.

**SUB-SECTION 2. RULES AND PROCEDURES**

Administrative investigations and related proceedings shall be brief and expeditious. They shall not be governed by the technical rules of procedure or by the rules on evidence in judicial proceedings.

The following rules and procedures shall govern all administrative disciplinary proceedings before the FFC or the designated Disciplinary Authority, as the case may be.

a. Commencement of Administrative Proceedings

The FFC shall conduct inquiries/investigation of offenses committed by an employee of the Bank, which may have been witnessed/uncovered at branch level or by the Internal Audit Group (IAG) and/or Security Group (SG). When deemed necessary, the SG and/or IAG shall conduct separate investigation/s. Inquiries undertaken by the IAG and/or the SG shall be independent of any investigation conducted by the FFC. Any such investigation conducted by these other Offices does not in any way constitute a waiver of FFC's responsibilities. FFC Report is separate and distinct from the report of IAG and/or SG.

- (i) On the same day that an irregularity, loss, probable loss or any violation of this Code occurs or is discovered (except for cases of Tardiness, which shall be handled by the Employee Relations Officer), the FFC shall convene and establish the pertinent facts relating to the commission of the alleged offense. Individuals subject of inquiry should be isolated from one another to eliminate the possibility of collusion. All records and/or documents relevant to the alleged offense shall be forthwith turned over and placed at the disposal of the Chair of the FFC. The FFC shall thereafter issue a show cause notice to be served to the employee concerned, requiring him to give his written explanation within forty-eight (48) hours from receipt thereof. The duly received show-cause notice shall form part of the report. Failure to submit his written explanation within the prescribed period shall constitute as waiver.

For sexual harassment charges under R.A. 7877, within five (5) days from receipt of an affidavit – complaint under oath from the victim, the CDI shall convene and conduct an investigation to determine whether the acts complained of are sufficient to administratively charge the respondent with sexual harassment under R.A. 7877. The CDI shall likewise require the respondent to submit his counter-affidavit within five (5) days from notice. Failure to submit his counter-affidavit within the said period shall constitute as a waiver of his right to file the same and submit evidence to refute the complaint.

- (ii) Within twenty-four (24) hours after the lapse of the period given to the employee(s) concerned to submit his explanation, the FFC shall submit a Preliminary Report to the respective Group Head (or Division Head if no GH)/Region/Area Head and simultaneously forward copies of said Report with all supporting documents to HRG, IAG and SG.

The Preliminary Report shall contain all the information that will answer the following based on the data available at that time: (a) What is the nature of the offense or the act or omission? (b) When did it occur? (c) Who is (are) the employee (s) involved? (d) How did it happen? (e) Why did it happen? (f) Amount of loss or probable loss, if any.

- (iii) Based on the Preliminary Report, and in consultation with the ERO (HRG), the FFC shall issue the administrative charge (cc: HRG and the Union, if warranted) and require the employee concerned to file his written answer within a non-extendible period of five (5) working days from receipt.

For cases involving tardiness, the formal charge shall be prepared by the ERO.

If respondent fails to submit his answer or explanation within the prescribed period, he shall be considered to have waived his right thereto and the case shall be decided on the basis of any evidence available on record.

- (iv) Within ten (10) working days from receipt of employee's written explanation or upon lapse of the period to file the same, the FFC shall submit copies of its final report including its recommendation and the concerned employee's written Answer to the administrative



charge, if any (see Appendices for the prescribed format) to each of the following: appropriate Disciplinary Authority; Group Head or Division Head (if no Group Head) if not the appropriate disciplinary authority; Head of HRG, IAG and SG.

b. Case Evaluation

- (i) Within a reasonable time from receipt of the Final FFC Report, the Disciplinary Authority shall evaluate the relevant facts and determine the appropriate disciplinary action to be taken against the employee/s involved if the facts so warrant.
- (ii) Subject to the discretion of the Disciplinary Authority, the latter may summon all parties involved to further ventilate their respective stand.
- (iii) The Disciplinary Authority shall come up with a decision within a reasonable time from the completion of the investigation.

c. Decision of the Disciplinary Authority

The decision of the Disciplinary Authority shall be brief but should contain among other things, the following:

1. Findings of facts;
2. Offense(s) committed and/or Bank rules/regulations violated;
3. Determination and disposition of the monetary liability of the involved personnel;
4. Rationale of the decision

The decision of the Disciplinary Authority shall be immediately executory. However, in cases of dismissal, the decision shall be further approved and signed by the President.

d. Motion for Reconsideration.

After a decision is rendered, only one (1) motion for reconsideration shall be allowed within a period of ten (10) calendar days from receipt, and shall be based on any of the following:

1. New evidence has been discovered which was not available during the fact-finding investigation and materially affects the decision rendered; or
2. The decision is not supported by evidence; or
3. Errors of law, or irregularities have been committed which are prejudicial to the interest of respondent.

The Motion must bear the signature of the respondent; otherwise, it shall not be admitted or considered. The filing of a Motion for Reconsideration shall not stay the execution of the decision. However, in the event the said motion is granted, all benefits and/or allowances shall be paid/restored to the concerned employee, if found applicable.

e. Implementation of Disciplinary Action

All administrative orders/decisions rendered by the Disciplinary Authority shall be prepared by the ERO to be signed by the HRG Head or Group Head (or Division Head if no GH) as the case may be. The same shall be served by personal service or via registered mail with return card to the last known address of the employee concerned. Copy of the duly received administrative order or proof of delivery of the administrative order sent via registered mail must be submitted to the ERO.

Authorized Signatories for Administrative Orders/Decisions shall be, as follows:

| Offenses/Cases   | Authorized Signatory  |
|--|---|
| Cases of tardiness   | Group Head or Division Head (if no Group Head)              |
| Restitution for losses not exceeding P20,000.00 (e.g. shortages with no indication of fraud or dishonesty) | Group Head or Division Head (if no Group Head); or HRG Head |
| Minor and Less Serious Offense including Absences Without Official Leave (AWOL)                            | Group Head or Division Head (if no Group Head); or HRG Head |
| All cases handled by the Ethical Standards Committee and all cases of Termination                          | HRG Head  |

Disciplinary action shall be applied consistently and uniformly regardless of rank and position taking into consideration the circumstances attendant to the instant case.

**SUB-SECTION 3. PREVENTIVE SUSPENSION**

The respondent may be placed under preventive suspension at any time, thru issuance of a Preventive Suspension Order (PSO), in consultation/close coordination with the ERO, by the Supervising SVP, FSVP or the EVP or the FFC or IAG or Head of Office of the respondent, if in the determination/assessment of these authorities the continued presence of the respondent poses a serious or imminent threat to the property of the Bank or to the life or property of his co-employees, where the evidence of guilt is strong or where the employee voluntarily admitted guilt/participation in the alleged irregularity/fraud/anomaly. The same may likewise be issued by the Disciplinary Authority.

The PSO shall be served through the Head of Office concerned via e-mail or facsimile transmission, whichever is faster. The Head of Office shall within twenty-four (24) hours from receipt thereof serve a copy of the PSO to the employee concerned and immediately inform the FFC or the IAG of such receipt, copy furnished the Disciplinary Authority and Compensation Department of HRG, of such fact within the same day. Copy of the duly received PSO must be submitted to HRG.

The reinstatement, however, of the employee after his preventive suspension shall be without prejudice to the prerogative of Management to assign the employee to an office other than his former station pending the resolution of the case.

The thirty (30)-day preventive suspension is neither a penalty nor a disciplinary action arising from the administrative case but only a protective measure allowed under the Labor Code.

**SUB-SECTION 4. TEMPORARY TRANSFER AND/OR RE-ASSIGNMENT OF WORK AND POSITION**

So as not to impair the conduct of investigation, preserve the records/evidence and protect the property of the Bank in cases where preventive suspension is not imposed or after the lapse of the preventive suspension earlier imposed, respondent, after discovery and during the fact-finding investigation by the IAG, FFC and the Disciplinary Authority, may be immediately transferred and/or re-assigned by the Group Head/President to any office other than his original work station pending the resolution of his case.

Such transfer and/or re-assignment shall be without diminution of respondent's rank, salary, benefits and other privileges. It shall be an assignment where the concerned employee's work will not result to further damage to the Bank.

It is understood that such re-assignment is without prejudice to the imposition of a preventive suspension if evidence further warrants. The process of serving and enforcing such transfer and/or re-assignment shall be the same as that of a preventive suspension.

#### **SUB-SECTION 5. REFERRAL TO LEGAL GROUP FOR FILING OF CIVIL/CRIMINAL CASES**

The FFC or the IAG (cc : the Disciplinary Authority and HRG) shall endorse the case to the Legal Group for the filing of appropriate legal action, if warranted.

Immediately upon its initial evaluation of the case, the Disciplinary Authority can also make recommendation and/or endorsement to the Legal Group for institution of any legal action against the erring employee.

The Legal Group, after evaluation and having found a cause of action against the employee concerned, shall immediately institute the necessary legal action. In the event that no legal action is resorted to, the Legal Group shall give its findings, evaluation or reasons thereto to the HRG.

A monthly status report of these cases shall be provided by the Legal Group to the HRG for monitoring purposes.

### **SECTION XI. ADMINISTRATIVE PROCEDURES GOVERNING PNB DOMESTIC SUBSIDIARIES**

#### **SUB-SECTION 1. INVESTIGATION AND FACT-FINDING**

In case of a complaint or suspected anomaly/irregularity, the investigation and fact-finding shall be conducted by the investigating body which shall be composed of a representative from the Office supervising the subject domestic subsidiary, as presiding officer; and one (1) representative each from the IAG, and the subject domestic subsidiary not otherwise involved in the anomaly/irregularity, as members.

#### **SUB-SECTION 2. NOTICE TO FILE ANSWER/NOTICE OF HEARING**

The investigating body shall require the respondent employee to submit his sworn explanation to the charges/complaints against him within a non-extendible period of ten (10) working days from receipt of referral thereof.

The respondent shall be given the opportunity to respond to the charge/s, present his evidence or rebut the evidence presented against him.

Failure of the respondent to file his answer or attend the hearing despite due notice shall be considered as a waiver of his rights thereto and the case shall be decided based on records.

#### **SUB-SECTION 3. CASE EVALUATION AND DECISION**

Within ten (10) working days from receipt of respondent's answer and/or termination of hearing, the investigating body, in consultation with a representative from the Legal Group, shall evaluate the administrative case and submit their findings/recommendation to the *President of the subsidiary* for implementation and appropriate action.

#### **SUB-SECTION 4. PREVENTIVE SUSPENSION, TEMPORARY TRANSFER OR RE- ASSIGNMENT OF WORK/POSITION, AND REFERRAL TO THE LEGAL GROUP FOR FILING OF APPROPRIATE LEGAL ACTION (CIVIL/CRIMINAL CASES)**

During the pendency of the investigation and resolution of the administrative case, the President or the Investigating Body, pursuant to the guidelines stated in Sub-sections 3, 4 and 5, Section X of this Code, may place the respondent under preventive suspension or temporarily transfer/re-assign him to another station or equivalent position, and/or refer the case to the Legal Group for filing of appropriate legal action (civil or criminal).

**SUB-SECTION 5. NOTICE OF DISCIPLINARY ACTION**

In case of disciplinary action, the President shall issue to the respondent a notice informing him of the outcome of the investigation and indicating that upon due consideration of all the circumstances, grounds have been established to justify his termination from service or suspension from work. The notice shall be personally served to the respondent or sent by registered mail to the respondent's last known address.

However, the President may, pursuant to the findings/recommendation of the Investigating Body, issue a stern warning or written reprimand to the respondent.

**SECTION XII. ADMINISTRATIVE PROCEDURES GOVERNING LOCALLY HIRED EMPLOYEES OF PNB OVERSEAS BRANCHES/OFFICES AND FOREIGN SUBSIDIARIES****SUB-SECTION 1. INVESTIGATION AND FACT-FINDING**

In case of a complaint or suspected anomaly/irregularity, the Supervising Officer of the respondent shall, within ten (10) working days from receipt of referral, conduct investigation, gather facts, determine the involvement/participation of the respondents, and submit a written report to the Head of Office providing the details set forth in the Table of Appendices. The Head of Office shall then refer the matter to the Ethical Standards Committee furnishing IAG with a copy of the report for its inputs.

**SUB-SECTION 2. EVALUATION OF REPORT AND REFERRAL TO COUNSEL**

Within ten (10) working days from receipt, the Ethical Standards Committee shall evaluate the report and determine whether or not the reported acts or omissions of the cited employee/s constitute a chargeable offense/s under this Code and of the Bank's policies, rules and regulations. If it involves serious and less serious offenses, refer the matter to the Bank's Counsel abroad for opinion through the Chief Legal Counsel. Otherwise, the Ethical Standards Committee shall refer the implementation of its decision to the appropriate Group Head after due consideration of the documents and evidence on hand.

If, per foreign counsel's advice taking into consideration the applicable foreign laws, the report does not present a ground for dismissal or disciplinary action, the Chief Legal Counsel shall immediately apprise Management and shall consider the case as closed and terminated. Otherwise, and upon Management's instructions to pursue disciplinary action against the respondent, the Ethical Standards Committee shall immediately advise the Head of Office or Authorized Officer to coordinate with the counsel abroad to effect disciplinary action against the respondent and to report the result to the Ethical Standards Committee and Management.

**SECTION XIII. ADMINISTRATIVE INVESTIGATION & PRESCRIPTION OF PENALTY**

Administrative investigation of any offense is not barred by lapse of time.

However, no penalties shall be imposed on the erring employee, except restitution for any monetary loss that the Bank may have suffered due to the act or omission of the employee, if management fails to take action against the employee within the prescribed period as follows:

- a) **MINOR OFFENSE** – one year from discovery of the offense
- b) **LESS SERIOUS OFFENSE** – two years from discovery of the offense
- c) **SERIOUS OFFENSE** – three years from discovery of the offense

An offense is deemed discovered only from the date it becomes the subject of a report by a fact-finding body. Administrative action against an employee shall include but shall not be limited to transfer or preventive suspension of employee, or the issuance of notice to show cause or administrative charge.

**SECTION XIV. SCHEDULE OF OFFENSES AND PENALTIES**

Penalties stipulated herein are the minimum penalties that may be imposed to erring employees. Repeated violations of Bank policies within a one year period, which otherwise would have been a Minor Offense or Less Serious Offense shall be considered as Less Serious Offense or Serious Offense, respectively.

**A. HONESTY**

***Serious Offense***

| Violations   | Range of Penalty     |
|--|----------------------|
| Embezzlement, malversation and/or misappropriation of Bank funds or assets   | Dismissal            |
| Theft  | Dismissal            |
| Misuse or removal from Bank premises without proper authorization of Bank records and/or confidential information of any nature  | Dismissal            |
| Fraud or willful breach of trust in the conduct of one's job   | Dismissal            |
| Forgery/falsification of personnel records or other Bank records   | Dismissal            |
| Preparing fraudulent attendance sheet, tampering or altering of time cards or attendance records or logging another employee's time on the attendance book or allowing another employee to log one's time on the attendance book         | Suspension/Dismissal |
| Falsification, tampering or altering vouchers, receipts, tickets and the like for reimbursement of out-of-pocket expenses  | Dismissal            |
| False sick leave application   | Suspension/Dismissal |
| Misrepresentation or unauthorized use of Bank's name   | Suspension/Dismissal |
| Soliciting money, gifts, benefits or favors or anything of value from any person or through the mediation of another in consideration of any act or service connected with the performance of the employee's duties and responsibilities | Suspension/Dismissal |
| Giving false testimony or submitting false sworn statement during an investigation   | Suspension/Dismissal |
| Concealment of one's knowledge of the commission of fraud, deceit or other forms of dishonesty   | Suspension/Dismissal |
| Making false statements or furnishing fraudulent documents in connection with one's employment, including the withholding of information regarding personal circumstances, character, educational achievements, etc.                     | Dismissal            |

|   |                      |
|---|----------------------|
| Other causes analogous to the foregoing | Suspension/Dismissal |
|---|----------------------|

**B. PROPER CONDUCT AND BEHAVIOR**

**Minor Offense**

| Violations   | Range of Penalty                 |
|--|----------------------------------|
| Showing or exhibiting obscene materials, pictures, etc., within Bank premises not for the sake or in the interest of art   | Written Reprimand/<br>Suspension |
| Threatening, intimidating or coercing fellow employees or Bank clients/other persons within company premises, whether it involves only the use of threat or profane language in any manner it was conveyed | Written Reprimand/<br>Suspension |
| Taking part in any gambling, lottery, or any game of chance during office hours or within Bank premises  | Written Reprimand/<br>Suspension |
| Disorderly conduct, which includes engaging in horseplay or use of disrespectful, insulting or profane language within the Bank premises   | Written Reprimand/<br>Suspension |
| Loafing, loitering or leaving post temporarily without permission during office hours  | Written Reprimand                |
| Unjustly vexing a co-employee resulting in interference or disruption of work  | Written Reprimand                |
| Sleeping during office hours   | Written Reprimand                |
| Violation of the Bank policies on lunch and coffee breaks and under time   | Written Reprimand                |
| The practice of logging in immediately after logging out during lunchtime is strictly prohibited. A time interval of at least thirty (30) minutes between logging out and in after lunch must be observed  | Written Reprimand                |
| Simple misconduct  | Written Reprimand/<br>Suspension |
| Other causes analogous to the foregoing  | Written Reprimand                |

**Less Serious Offense**

| Violations   | Range of Penalty |
|--|------------------|
| Participating in disorder/illegal activities                                 | Suspension       |
| Violently arguing with a co-employee or an outsider inside Bank premises     | Suspension       |
| Disgraceful or immoral conduct committed within or outside the Bank premises | Suspension       |
| Reporting for work while under the influence of liquor                       | Suspension       |

|   |            |
|---|------------|
| Insult or willful disrespect or any act of discourtesy to superiors or any co-employee or to any person transacting business with the Bank within the Bank premises or while discharging official functions | Suspension |
| Drunkenness/drinking liquor or any alcoholic beverages within the Bank premises during or beyond working hours except on certain occasions or social events when tolerated by Management                    | Suspension |
| Refusal to undergo an alcohol test without justifiable reason/s.  | Suspension |
| Other causes analogous to the foregoing   | Suspension |

**Serious Offense**

| Violations  | Range of Penalty     |
|---|----------------------|
| Assaulting/inflicting injury on another within Bank premises  | Dismissal            |
| Use or possession of prohibited drugs within or outside Bank premises   | Dismissal            |
| Possession of firearms and/or deadly weapons within Bank premises without proper authorization from the Bank  | Dismissal            |
| Commission of a criminal offense involving moral turpitude or that which results in breach of trust or loss of confidence   | Dismissal            |
| Sexual harassment, whether or not falling under R.A. 7877   | Suspension/Dismissal |
| Commission of the same penalized offense for more than two times depending on the gravity resulting in loss of confidence in the employee   | Dismissal            |
| Making or publishing or disseminating false, vicious, or malicious statements concerning any employee or the Bank   | Suspension/Dismissal |
| Violation of Bank policy on Conflict of Interest  | Suspension/Dismissal |
| Engaging in or trading foreign exchange, including making referrals (acting as go-between) involving foreign exchange   | Suspension/Dismissal |
| Engaging in any form of bribery/corrupt practices such as the giving/offering or receiving/accepting of pecuniary benefits for personal and/or business advantage.  | Suspension/Dismissal |
| Violation of the Bank's policies on the use of Social Media as provided for under the Policy on Social Media, Guidelines of Social Media Risk Policy, the Bank's Social Media Risk Management Framework and all related policies. | Suspension/Dismissal |
| Other causes analogous to the foregoing   | Dismissal            |

**C. WORK RESPONSIBILITIES**

**Minor Offense**

| Violations   | Range of Penalty                 |
|--|----------------------------------|
| Infraction of Bank rules/procedures in handling any Bank transaction or work assignment                  | Written Reprimand/<br>Suspension |
| Engaging in other work outside of the Bank during office hours and without the Bank's written permission | Written Reprimand                |
| Doing personal work during office hours or abuse of company time for personal or unauthorized business   | Written Reprimand                |
| Use of Bank premises for personal and/or unauthorized business   | Written Reprimand/<br>Suspension |
| Simple Negligence or Dereliction of Duty Without Resulting in Disadvantage to the Bank                   | Written Reprimand                |
| Abuse of Authority   | Written Reprimand                |
| Other causes analogous to the foregoing  | Written Reprimand                |

**Less Serious Offense**

| Violations  | Range of Penalty |
|---|------------------|
| Failure to observe prescribed standards of work or to fulfill reasonable work assignments due to inefficiency (includes failure to attain work goals or work quotas, either by failing to complete within the allotted reasonable period or by producing unsatisfactory results which may be reflected in the employee having received an unsatisfactory or poor performance in an evaluation for a period of one year) | Suspension       |
| Abuse of authority/responsibility sans financial losses and/or court actions against the Bank   | Suspension       |
| Abandonment of post, thereby endangering Bank property or assets and/or disrupting Bank operations  | Suspension       |
| Deliberate delay in rendering service to clients  | Suspension       |
| Repeated violation of Bank Rules, policies, procedures/ commission of the same penalized offense for the second time  | Suspension       |
| Deliberate slowdown or protraction of work which directly affects one's productivity or that of others  | Suspension       |
| Malingering or feigning illness to avoid assigned work  | Suspension       |
| Negligence or dereliction of duty causing disadvantage or monetary loss to the Bank   | Suspension       |



|  |            |
|--|------------|
| Failure to report a commission of an offense   | Suspension |
| Failure or refusal to prepare, execute or submit documents in aid of litigation or investigation | Suspension |
| Other causes analogous to the foregoing  | Suspension |

**Serious Offense**

| Violations   | Range of Penalty     |
|--|----------------------|
| Willful or gross misconduct in the performance of duty   | Dismissal            |
| Gross negligence in the performance of duty  | Dismissal            |
| Insubordination or willful refusal to carry out legitimate orders or instructions issued by superior   | Dismissal            |
| Abuse of authority/responsibility resulting in financial losses and/or court suits and civil liabilities to the Bank   | Dismissal            |
| Violation of confidentiality of information or Bank records  | Suspension/Dismissal |
| Having direct or indirect financial interests that conflict or appear to conflict with the Bank's business and interest and/or with his duties and responsibilities as an employee of the Bank | Suspension/Dismissal |
| Other causes analogous to the foregoing  | Dismissal            |

**D. BANK PROPERTY**

**Minor Offense**

| Violations   | Range of Penalty                 |
|--|----------------------------------|
| Defacement, removal or placement of notices, signs, or writing in any form on Bank premises at any time without authority, or any form of vandalism within Bank premises | Written Reprimand/<br>Suspension |
| Misuse of telephone for unnecessary and personal incoming and out-going calls during and after office hours  | Written Reprimand                |

**Less Serious Offense**

| Violations  | Range of Penalty |
|---|------------------|
| Deliberate misuse or removal or unauthorized use of Bank property or operation of Bank vehicles, machines or equipment. | Suspension       |
| Improper use of machines, vehicles or equipment which leads to the damage or potential damage to the property           | Suspension       |

|   |            |
|---|------------|
| Damage to company property or causing damage to property of others within the Bank premises due to negligence | Suspension |
| Requisition or use of Bank supplies for personal purposes   | Suspension |
| Other causes analogous to the foregoing   | Suspension |

**Serious Offense**

| Violations  | Range of Penalty |
|---|------------------|
| Deliberate destruction of or causing damage to Bank property or records | Dismissal        |
| Other causes analogous to the foregoing                                 | Dismissal        |

**E. ATTENDANCE AND PUNCTUALITY**

**Minor Offense**

| Violations  | Range of Penalty                 |
|---|----------------------------------|
| Absence without official leave for a single day   | Written Reprimand                |
| Absence without official leave for two (2) consecutive working days                                       | 3-day Suspension                 |
| Tardiness of at least ten (10) times in a month or five (5) times in a month for three consecutive months | Written Reprimand/<br>Suspension |

**Less Serious Offense**

| Violations  | Range of Penalty |
|---|------------------|
| Absence without official leave for three (3) to four (4) consecutive working days | 7-day Suspension |

**Serious Offense**

|   |           |
|---|-----------|
| Absence without official leave for five (5) consecutive working days or more (This shall be considered as abandonment of work.) | Dismissal |
|---|-----------|

**F. OFFICE ATTIRE/IDENTIFICATION CARD**

**Minor Offense**

| Violations   | Range of Penalty  |
|--|-------------------|
| Failure to wear the Official Bank identification card  | Written Reprimand |
| Failure to wear prescribed uniform or wearing improper office attire as defined under existing Bank policies | Written Reprimand |

|  |                   |
|--|-------------------|
| Failure to maintain good grooming consistent with the Bank's corporate culture | Written Reprimand |
| Other causes analogous to the foregoing  | Written Reprimand |

**G. HEALTH AND SAFETY**

**Minor Offense**

| Violations  | Range of Penalty  |
|---|-------------------|
| Violations of directives relating to sanitation in the work place or otherwise violating other conditions of cleanliness and sanitation | Written Reprimand |
| Failure/refusal to abide by security, health and safety regulations in the performance of duties or in the use of Bank facilities       | Written Reprimand |
| Staying within Bank premises beyond office hours without authority to render overtime work  | Written Reprimand |
| Non-observance of signs in restricted areas   | Written Reprimand |
| Smoking within Bank premises except in designated smoking areas   | Written Reprimand |
| Other causes analogous to the foregoing   | Written Reprimand |

**H. SECURITY BREACH**

**Minor Offense**

| Violations   | Range of Penalty                 |
|--|----------------------------------|
| Unauthorized physical access to the Bank's Data Center, computer installations, and similar restricted area      | Suspension                       |
| Failure to implement prescribed computer policy/procedures (job runs, back-up, recovery, password changes, etc.) | Written Reprimand/<br>Suspension |
| Failure to comply with the prescribed data security control procedures and practices                             | Written Reprimand/<br>Suspension |
| Refusal to submit for inspection at entry/exit   | Suspension                       |
| Other causes analogous to the foregoing  | Written Reprimand/<br>Suspension |

**Serious Offense**

| Violations  | Range of Penalty     |
|---|----------------------|
| Unauthorized logical access to the Bank's computer system, utilities, applications and database                           | Suspension/Dismissal |
| Installation and/or use of unlicensed software including but not limited to installation of games in the Bank's computers | Suspension/Dismissal |

|  |                      |
|--|----------------------|
| Disclosure and release of confidential official Bank documents to unauthorized persons/personnel with or without loss to the Bank  | Suspension/Dismissal |
| Unauthorized use of the on-line system and other telecommunication facilities of the Bank  | Suspension/Dismissal |
| Broadcasting or transmission of unauthorized messages  | Suspension/Dismissal |
| Unauthorized deletion of computer files  | Suspension/Dismissal |
| Intentional destruction of computer resources (hardware)   | Suspension/Dismissal |
| Disclosure of computer security code (password) on confidential Bank matters, Cash Vault Combinations, ATM Safe (for cassette) combinations to unauthorized persons/personnel with or without loss to the Bank | Dismissal            |
| Unauthorized disclosure of passwords/security codes to access Bank's computer system, utilities, applications and database   | Dismissal            |
| Other causes analogous to the foregoing  | Suspension/Dismissal |

**I. GENERAL PROVISIONS**

- (i) If two or more offenses are committed simultaneously by an employee on one occasion, the penalty for both offenses shall be imposed.
- (ii) If the violation committed was due to Offender's/employee's negligence which had caused damage or injury, such negligence shall be deemed to have aggravated the said violation committed. Accordingly, the said Offender/employee shall be subjected to a more severe administrative penalty/ties including, but not limited to, his restitution of the damage or injury that had been caused.
- (iii) If the violation committed was done on purpose which had caused damage or injury, such deliberate act shall be deemed to have aggravated the said violation committed. Accordingly, the said Offender/employee shall be subjected to a more severe administrative penalty/ties including, but not limited to, his restitution of the damage or injury that had been caused.
- (iv) Nothing in this Code creates any demandable right or obligation against the Bank, its management or any of its officers.
- (v) The provisions herein are without prejudice to the application of the provisions of Article 282 of the Labor Code, as amended, as well as other laws which may subsequently be promulgated.

**SECTION XV. NON RETROACTIVITY CLAUSE**

This Code shall have a prospective application upon its effectivity.

**SECTION XVI. REPEALING CLAUSE**

All other rules and regulations on the conduct of employee or parts thereof which are inconsistent with this Code are hereby repealed, amended or modified accordingly.

**SECTION XVII. EFFECTIVITY**

This Code shall take effect upon its publication and/or dissemination.

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