

# **Beneficial-PNB Life Insurance Co., Inc.**

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## **CODE OF CONDUCT**

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# Beneficial-PNB Life Insurance Co., Inc.

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## CODE OF CONDUCT

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### Article I. PHILOSOPHY AND SPIRIT OF THE CODE

#### Section 1. Philosophy

Employment is a relationship freely entered into between the **COMPANY** and the **EMPLOYEE** for their mutual benefit and satisfaction. In this relationship, **Beneficial-PNB Life Insurance Co., Inc.** commits that every employee be treated as an individual with respect, dignity and consideration. **Beneficial-PNB Life Insurance Co., Inc.** expects the spirit of cooperation, dependability, loyalty, quality performance and discipline.

#### Section 2. Employee's Role

Essential to the Company's purpose and realization of its goal is the quality of the employees who carry out its day-to-day operations. Accordingly, the Code aims to instill among the employees commitment and dedication to the virtues of honesty and integrity, together with a high sense of prudence, responsibility and efficiency in the conduct of their duties, thereby promoting the quality of the working life of all employees.

#### Section 3. Manner of Implementation

Employee performance as herein contemplated depends to a certain degree upon the firm, fair and just application and enforcement of this Code. *Any suspicion of the deliberate deviation or discrimination could result in demoralization and breakdown of employee discipline.* Realizing this fact, the **Beneficial-PNB Life Insurance Co., Inc.** is committed to implement and enforce this Code accordingly.

### Article II. COVERAGE

#### Section 1. Persons Covered

All employees of the Beneficial-PNB Life Insurance Co., Inc. including all officers, irrespective of rank, position, status or classification, as well as those who have resigned but have not been issued a Company clearance of his/her accountabilities for infractions committed before his/her resignation, are covered by this Code.

## Article III. POLICIES AND GUIDELINES

### Chapter A. In General

#### Section 1. Basic Policy

It is the policy of the company to provide specific guidelines and norms of conduct conducive to harmonious, productive and efficient operations.

#### Section 2. Command Responsibility

The doctrine of command responsibility, as herein contemplated (see Article VI Chapter B Section 5 (j)), shall apply to all supervising heads who are made to assume command responsibility, regardless of whether said supervising head is the direct or indirect supervising head of the employee concerned and whether the supervising head is an officer or non-officer.

#### Section 3. Monetary Loss Not Essential

The infractions under this Code do not necessarily require the existence of any quantifiable monetary loss to the Company to be considered as such.

#### Section 4. Acts or Omissions Constituting Infractions

Acts or Omissions contrary to or in violation of the norms of conduct and operating standards embodied in this Code and in Company policies, procedures, rules and regulation shall be considered infractions and shall subject the employee concerned to administrative sanction in accordance with the provisions of this Code.

#### Section 5. Circumstances Affecting Sanction

In the imposition of the appropriate administrative sanction, the nature and gravity of the infraction, the position and rank of the employee or officer concerned and peculiar circumstances surrounding the acts of Omissions complained of shall be taken into consideration either to mitigate or aggravate the infraction.

#### Section 6. Non-exclusivity of the Code

This Code is neither intended to be restrictive nor all-encompassing. Other necessary, policies, procedures, supplemental rules and regulations relative to employee conduct may be disseminated by the Company from time to time and shall form integral parts of this Code.

Although it is understood that the Rules and Regulations may not cover all possible situations that may arise in the organization. There maybe other acts or omissions which are not explicitly contained herein but which are clearly prejudicial or detrimental to the welfare or interest of the **COMPANY**. The **COMPANY** reserves the right to consider those as infractions or violations and to impose appropriate sanctions/penalties, as warranted by the circumstances of each case.

**Section 7. Ignorance of Policies, Procedures, Supplemental Rules and Regulations, Not an Excuse**

Ignorance of the policies, procedures, rules and regulations stated in this Code as well as in circulars, memoranda and other Company promulgations duly disseminated shall excuse no one from compliance nor from administrative sanctions imposed for violations thereof.

**Section 8. Management Prerogative to Discipline**

This Code is instituted by the Company in the exercise of Management inherent prerogative to discipline its employees.

**Section 9. Effectivity**

This Code shall take effect upon approval by the Management, provided it has been duly disseminated. Henceforth, the previous Code of Conduct shall be deemed superceded and repealed by this Code.

**Chapter B. In Particular**

**Section 1. No Sanction Without Just Cause and Opportunity to be Heard (Due Process)**

No employee of the Company shall be terminated or suspended from service or otherwise subjected to administrative sanction except for cause as provided by this Code, the Labor Code and other applicable laws and regulations and only after giving the employee concerned sufficient opportunity to be heard by the Discipline Committee.

**Section 2. Employee Transfer**

The transfer, assignment or cross-posting of an employee to another or from one unit or office to another, without reduction in rank or salary when made in the interest of the service shall not be considered an administrative sanction.

**Section 3. Preventive Suspension**

The Discipline Committee, as the case maybe, may place the employee concerned under preventive suspension during the pendency of the proceedings of the administrative charge against him/her when his/her presence at the work place poses a serious and imminent threat to the life and property of the Company or his/her co-employees, but in no case shall the preventive suspension last for more than thirty (30) days. During this 30-day period of preventive suspension, the employee's salary and other benefits shall be withheld but the same shall not be considered a sanction. After such 30-day period and there being a need to extend the same, the employee concerned shall avail of hi/her compulsory vacation leave credits or if there is none or already exhausted, the period of suspension may be extended provided that during the period of extension, the Company shall pay the salaries and other benefits due to the employee. Unless otherwise provided, such salaries and benefits as withheld shall accrue to the employee concerned at the termination of the administrative proceedings if cleared of the charge or if the sanction

imposed upon the employee is not termination or suspension from service with cause, retroactive to the commencement date of the preventive suspension. If the sanction is suspension, only salaries and benefit withheld for the period of preventive suspension in excess of the period of suspension imposed as sanction, shall accrue to the employee concerned.

**Section 4. Criminal/Civil Case Not a Bar**

The filing and/or dismissal of a criminal case and/or civil case does not bar or suspend nor prejudice the administrative proceedings for the same infraction.

**Section 5. Administrative Proceedings Not a Bar**

Implementation of administrative sanction on the employee concerned shall be without prejudice to the filing of civil or criminal charges in accordance with pertinent laws.

**Section 6. Confidentiality of Proceedings**

The administrative proceedings conducted under this Code shall be held in strictest confidence by the Discipline Committee until the decision therein is rendered and implemented. The proceedings, its records and/or its details shall not be disclosed or discussed with any person under any circumstances except with the Discipline Committee.

## ARTICLE IV. MECHANICS

### Section 1. Classification of Infraction

Acts or omissions subject to administrative sanction under this Code are classified according to subject matter, into **four (4) general categories**, namely:

- a) **Infraction Against Conduct and Decorum**
- b) **Infraction Against Productivity**
- c) **Infraction Against Established Policies and Procedures**
- d) **Infraction Against Property and Security**

### Section 2. Infraction Classification as to its Gravity

According to their nature and gravity, infractions falling in each category are further classified into **simple, minor, major, serious and grave** infractions.

### Section 3. Sanctions

Administrative sanction corresponding to the gravity of each infraction shall be as follows:

- a) **simple** - **written reprimand**
- b) **minor** - **suspension for 1-3 days**
- c) **major** - **suspension for 4-9 days**
- d) **serious** - **suspension for 10 – 30 days**  
**with written reprimand**
- e) **grave** - **termination**

### Section 4. Indemnification for Fraud

In addition to the administrative sanction provided in Section 3 above, the employee concerned shall indemnify the Company for any consequential loss suffered by the Company by reason of this fraud.

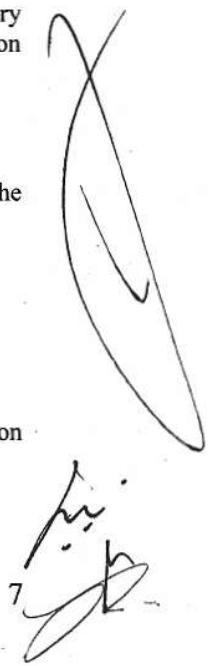
### Section 5. Reimbursement for "Fines and Penalties"

For failure to comply with reportorial requirement of government regulatory agencies due to the employee's fault or negligence, the employee concerned, shall reimburse to the Company the full amount of the "fines and/or penalties" imposed by the regulatory agencies. However, the employee shall no longer be subject to the administrative sanction provided for in section 3 and 4 above.

### Section 6. Sanction on Infractions Against Established Policies, etc.

With respect to infraction falling against Established Policies, System and Procedures the following sanction shall be imposed:

- a) In case there is no loss,
  - i) First Infraction - **written reprimand**
  - ii) Second Infraction - **suspension for 1-3 days**
  - iii) Third Infraction - **suspension for 4-9 days**
  - iv) Fourth Infraction - **the standard sanction corresponding to the Infraction Category as specified in Appendix "B" hereof.**



- b) In case there is loss, the standard sanction corresponding to the Infraction Category as specified in appendix "B" hereof.

#### Section 7. Repetition of Infractions

Subsequent or repeated commission of an infraction by an employee, who has previously been meted administrative sanction for another infraction of the same category, shall increase the corresponding sanction for the second or subsequent infraction to the next higher sanction than the sanction that would otherwise have been meted on the second or subsequent infraction.

In line with the development stance of the Company with regard to employee, the commission of the following infractions shall be disregarded after the lapse of the period indicated below:

- |                       |   |           |
|-----------------------|---|-----------|
| a) Simple Infraction  | - | 4 months  |
| b) Minor Infraction   | - | 8 months  |
| c) Major Infraction   | - | 12 months |
| d) Serious Infraction | - | 14 months |

#### Section 8. Alternative Sanctions

Notwithstanding the provision of the two immediately preceding sanctions, the President or the Senior Officers may also allow the resignation.

#### Section 9. Prescription of Action

The initiation of administrative proceedings for simple, minor, major infractions shall be barred if not done within a prescriptive period of thirty (30) days from the time the infraction was brought to the attention of the Division/Department Head of the employee concerned, the Department Head of HRD or the President, as the case maybe. The service of the memo or notice requesting employees reply to the charges against him/her shall stop the running of the (30) days prescriptive period. No prescription of action shall apply to serious or grave infraction, but the Division/Department Head or higher authority concerned shall nevertheless take action on the matter within a period of thirty (30) days from the time the same is brought to his/her attention.



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## ARTICLE V. ADMINISTRATION

### Section 1. Responsibility Centers

The administration and implementation of this Code shall be the primary responsibility of the **Discipline Committee**, the **Division/Department Head** of the employee concerned in coordination with **Human Resource Department, Internal Audit Department** and **Legal Service Unit**.

### Section 2. Discipline Committee

2.1. Discipline Committee shall be responsible for the conduct of administrative proceedings for all infractions committed by an employee as provided in the Code of Conduct.

2.2. **Discipline Committee for Simple, Minor and Major Infractions** shall be composed of the following:

- a. Department Head of the concerned employee
- b. Human Resource Head
- c. Any representative from Senior Officers as the case maybe.

2.3. **Discipline Committee for Serious and Grave Infractions** shall be composed of the following:

- a. Senior Officers (VP Comptroller, CFO, EVP/COO, President)
- b. Human Resource Head
- c. Legal Service Unit

### Section 3. Duties and Responsibilities of the Division/Department Concerned

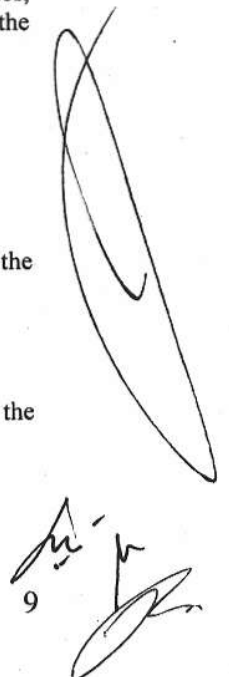
The Division/Department Head shall be responsible for:

- a) Initiating and/or conducting the initial or preliminary inquiry or fact-finding proceedings, issuance of memo notice to explain, submission of reports and performance of other duties and responsibilities as provided for under this Code on Procedure in Administrative Proceedings.
- b) Informing the HRD in writing of all reported infractions and in proper cases, reporting to the Executive Office or informing Internal Audit Department and the Legal Service Unit.

### Section 4. Duties and Responsibilities of Human Resource Department

The Human Resource Department shall be responsible for:

- a) Dissemination of the Code to all employees
- b) Monitoring of reported infractions as to action taken and progress of the administrative proceedings thereon.
- c) Custodianship of all reports on administrative actions taken.
- d) Facilitation, coordination and/or participation in administrative proceedings.
- e) Implementation of administrative sanctions.
- f) Special investigation involving security which will require the services of the security officer.



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## Section 5. Duties and Responsibilities of Legal Service Unit


The Legal Service Unit shall be responsible for:

- a) Interpretation of the provisions of this Code, Labor Code and other pertinent laws, decrees, government rules and regulations.
- b) Legal opinion on personnel and labor matter.
- c) Giving legal assistance to the division/department concerned in the initial or preliminary inquiry or fact-finding proceedings of reported infractions.
- d) Participation in the proceedings of the administrative investigating committee by rendering legal assistance on procedural and related matters.
- e) Giving legal assistance to HRD and the division/department concerned in the implementation of the decisions rendered in administrative proceedings.
- f) Recording of the proceedings of the administrative investigating committee and custodianship of exhibits and other records related herewith.

## Section 6. Duties and Responsibilities of Internal Audit

The Internal Audit Department shall be responsible for:

- a) Conducting an investigation upon receipt of report.
- b) Preparing report on result of investigation and recommending actions to be taken to the management in coordination with HRD and Legal Service Unit.



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## ARTICLE VI. DESCRIPTION OF INFRACTIONS

### *Chapter A. Infraction Against Conduct and Decorum*

#### Section 1. **Simple**

- a) Failure to wear complete uniform and identification cards within the Company premises when provided and required by the Company.
- b) Failure to abide the Company's rules and requirements, e.g. failure to log-in & log-out; improper filing of leave of absence etc.
- c) Failure to keep and maintain sanitation and safety standards within the Company premises.
- d) Unauthorized solicitations or conducting personal business for gain within the Company premises and during office hours.
- e) Use of improper, vulgar or abusive language against co-employees, officers or Company clients.

#### Section 2. **Minor**

- a) Spreading derogatory information and rumors or gossip against co-employees, client or third party doing business with the company.
- b) Taking part in or abetting any bookmaking, gambling, lottery or betting in any other game of chance within the Company premises.

#### Section 3. **Major**

- a) Engaging in malicious acts within Company premise without material injury or damage to the Company, co-employees or Company client.
- b) Provoking or encouraging any form of quarrel whether it involves the use of profane language or physical violence within the Company premises or during official company activities.
- c) Unauthorized and improper use of company equipment and electronic facilities particularly computer, internet and the like.
- d) Unauthorized use of company documents resulting to prejudice to company's interest.
- e) Harassment of a subordinate by his/her superior in any manner, sexual or otherwise.

#### Section 4. **Serious**

- a) Insult, discourtesy, rudeness to any Company officer, co-employee or clients, within the Company premises or while the said officer or employee is discharging official duties.
- b) Conducting personal activities involving employees and clients as borrowers/lenders.
- c) Concealing a communicable disease which endangers co-employees without taking precautionary measures.
- d) Inciting or participating in riots disorders within the Company premises.
- e) Habitual delinquency in meeting financial obligations.
- f) Allowing ones' self to be induced by another employee, or inducing an employee, by encouragement, threat, or other means to commit an offense in connection with his/her official duties.

- g) Entering any restricted area so designated without prior authorization from the company.

#### Section 5. Grave

- a) Demanding or accepting directly or indirectly for personal benefit, money, anything of value or any offer thereof, in consideration of any act or service connected with the performance of the employee's duties.
- b) Use/taking or possession of prohibited drugs and intoxicating beverages within the Company premises or reporting for work under the influence of prohibited drugs and intoxicating beverages, causing the employee in either case to lose control of himself/herself or his/her sense of decorum.
- c) Participation in illegal strikes or other form of activities that prejudicial to the interest of the company.
- d) Scandalous or malicious acts causing humiliation or material injuries or damages to the company, to co-employee, or to a Company client.
- e) Coercion or intimidation of, or use of undue influence on co-employees, superiors, subordinates or clients which adversely affect the welfare or the Company's interest.
- f) Any deliberate act of violence committed against any person or inflicting bodily harm or injury, or the attempt thereof, upon others within the Company premises.
- g) Punching in/out for another employee, delegating this to another, tampering and defacing of attendance records.
- h) Unauthorized possession of firearms within the company premises at anytime.
- i) Immoral conduct within company premises, including exhibition or distribution of pornographic materials.
- j) Infidelity in the custody of Company documents – e.g., without proper previous authority, revealing, releasing, or divulging confidential information to individuals other than the authorized persons. By “authorized persons” is meant those who by virtue of their positions must know of the confidential matter at hand.
- k) Other acts or omissions which are prejudicial to the interest of the company resulting to loss of confidence.
- l) Any act of resulting to serious undermining of duly constituted authority.
- m) Unauthorized utilization of company properties such as equipment, electronic facilities and the like.

## Chapter B. Infractions Against Productivity

### Section 1. Simple

- a) Failure to punch time records or log in attendance sheets for at least (4) times every two weeks.
- b) Habitual tardiness and/or taking under time for at least Five (5) times every two weeks.
- c) Unauthorized break periods which are prolonged, unscheduled or in excess of prescribed time for at least (4) times every two weeks.
- d) Failure to notify the Company of inability to report for work within the first hour of a working day.

### Section 2. Minor

- a) Loafing around the Company premises or loitering during office hours.
- b) Attending to personal matters during office hours without prior permission or justifiable explanation.
- c) Horseplay or committing acts which disturb other employees at work.
- d) Excessive use of telephone for personal calls.
- e) Frequently receiving personal visitors during office hours which hamper operations.
- f) Leaving the work place during office hours without permission or justifiable explanation.
- g) Sleeping during office hours.
- h) Failure to submit required reports on time (for reports not falling under Appendix "A" hereof).

### Section 3. Major

- a) Malingering or pretending to be ill to escape work or face official responsibility. Stating false reason for being absent.
- b) Absence without official leave (AWOL) for 1-2 days within a period of 1 month.

### Section 4. Serious

- a) Simple negligence in the performance of work.
- b) Non-cooperation with others in the performance of assigned duties.
- c) Non-performance of duties.
- d) Unjustified or unexplained delay in the performance of assigned duties of work.
- e) Absence without official leave (AWOL) for 3-4 days within a period of one (1) month.

### Section 5. Grave

- a) Deliberate submission of falsified reports causing damage to the company and/or personal benefit.
- b) Engaging in business activities which are of the same nature as the operations of the company and other acts violating company policy on conflict of interest that cause or tend to prejudice to the interest of the company.
- c) Absence without official leave (AWOL) for five (5) days within a period of one month.
- d) Unjustified refusal to accept lawful transfer of assignment to another department, branch or unit.
- e) Disobedience to the lawful orders of superiors in connection with assigned duties, resulting in the disruption of Company operations or damage to the Company.

- f) Requiring subordinates to perform work unrelated to Company operations or for personal interest, resulting in the disruption of Company operations and damage to the Company.
- g) Gross negligence in the performance of assigned task/duties or serious neglect of duty.
- h) Intentional work slow-down or work stoppage.
- i) Deliberate concealment of defective work, damage or injury, which directly results in loss, or prejudice to the company.
- j) Inaction or indifference of supervisors or officers towards any grave infraction by employees under his/her supervision, done with his/her knowledge, or even if done without his/her knowledge, he/she should have otherwise known of such infraction because of the prolonged or extended period during which it was committed or repeated, and because of the presence of signals relayed to him/her that such infraction was being committed but which signals however remained unheeded. (Command Responsibility)
- k) Deliberately restricting job performance or inducing others to do so except as a legitimate labor action
- l) Commission of acts causing or tending to cause the company to lose man-hours and/or money through negligence, carelessness or substandard work.

**Section 6. Fines and Penalties of Regulatory Agencies**

- a) Failure to submit required reports of government regulatory agencies due to negligence shall subject the employee concerned to the sanction in the form of fines and penalties provided for in Appendix "A" hereof.

**Chapter C. Infractions against Established Policies, System and Procedures**

**Section 1. Serious or Grave Infractions**

Specific infraction against established policies, system and procedures which are deemed high risk areas as described in Appendix "B" hereof shall either be serious or grave infractions as categorized therein and shall be subject to the standard administrative sanction corresponding to serious or grave infractions, without prejudice to the provisions of Article IV Section 7 thereof on Sanctions on Infractions against Established Policies, etc.

**Section 2. Infraction Not Falling Under Appendix "B"**

The Company reserves the right to add to Appendix "B" hereof additional specific infractions against established policies, systems and procedures, from time to time, as they are identified and the need therefore arises. In the meantime, infractions committed not falling under Appendix "B" shall be sanctioned in accordance with other provisions of this Code.

## Chapter D. Infractions Against Property and Security

### Section 1. Simple

- a) Utter disregard for and/or refusal to submit to the authorized Company security personnel in the performance of their duties.

### Section 2. Minor

- a) Entering company premises outside of office hours without proof of authorization from either Department or Division Head and/or without official of justifiable reason.

### Section 3. Major

- a) Using Company supplies and materials, company vehicles, equipment and facilities for unauthorized work, or for personal use.
- b) Entering or attempting to enter any restricted area identified as such by the Company.

### Section 4. Serious

- a) Unauthorized possession of firearms and other deadly weapons within the Company premises.
- b) Providing false and incomplete information intended to create wrong impression or conclusion, in employment application and other related records.
- c) Commission of an act which may constitute a crime involving moral issues (turpitude)
- d) Conviction of a crime involving imprisonment of at least six (6) months.


### Section 5. Grave

- a) Stealing or the attempt thereof, from the company or from any co-employee or from the Company clients.
- b) Vandalism or intentionally destroying or damaging Company property or a Company client's or co-employee's property.
- c) Forging the signature of any employee or officer or clients of the Company with intent to gain.
- d) Giving false or misleading information or documentation, falsification or unauthorized alteration of attendance records, vouchers, receipts or any document for the purpose of drawing salaries, claiming allowance or benefits, enjoying privileges for personal gain.
- e) Tampering, changing or altering any Company memo, document or record with intent to gain.
- ✓ f) Unauthorized use of the Company funds or misuse of Bank funds for personal purposes, including kiting.
- g) Misrepresenting himself to possess power and authority in dealing with third persons to the prejudice of the Company.
- h) Defrauding the Company or connivance in the commission thereof.
- i) Unexplained loss of Company property funds, valuable documents and records of Company, client's property or fund, entrusted to the employee.
- j) Serious dishonesty in connection with work to the prejudice of the Company.
- k) Making malicious statements prejudicial to the Company.
- l) Withholding from the company funds/assets/payments made by clients or entrusted to the company.

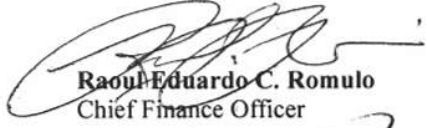
Policy: **CODE OF CONDUCT**

Date of Implementation : July 1, 2006

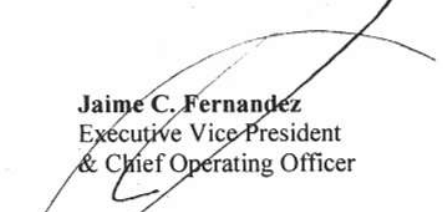
Approved for Implementation:



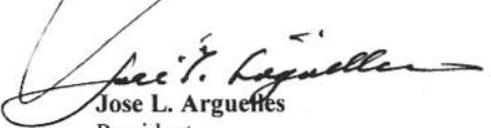
**Ma. Editha S. Paltongan**  
VP Comptroller



**Raoul Eduardo C. Romulo**  
Chief Finance Officer



**Jaime C. Fernandez**  
Executive Vice President  
& Chief Operating Officer



**Jose L. Arguilles**  
President