

# POLICY GUIDELINES

Document Title: **Code of Employee Conduct and Discipline**

Effective Date: **April 1, 2022**

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## RULE I. PURPOSE

The purpose of the Code of Employee Conduct and Discipline (hereinafter, "Code") is to define the policy and establish the procedures on discipline of employees of the companies under the P.J. LHUILLIER GROUP (hereinafter, "Company").

## RULE II. POLICY

The basis of this Code is the well-settled legal principle that the employer has the inherent right to regulate all aspects of employment, including the discipline of employees and that the employees have the corresponding obligation to obey company rules and regulations. For this purpose, the Company has set down rules and regulations to guide all employees. These rules and regulations comply with the requirements of law, more specifically, the Labor Code.

## RULE III. GENERAL GUIDELINES

**Section 1:** Administrative investigations and other proceedings for commission of offenses under this Code shall be expeditiously conducted and shall be summary in nature. They shall not be governed by the strict technical rules of evidence and procedures applied in judicial proceedings. For practical reasons, an administrative investigation may be conducted through videoconference, skype, or other web-based video facility.

**Section 2: Imposition of Penalties:** All disciplinary actions or penalties shall be executed in full within thirty (30) calendar days from the release of the decision/resolution relating thereto. Disciplinary actions or penalties shall not be waived, cancelled or delayed for any reason after the date of effectivity has been determined, unless justified by operational requirements and approved by the highest-ranking officer of the group, provided that the same is fully executed within sixty (60) days from the release of the decision/resolution..

**Section 3:** In all administrative cases, the decision/resolution shall be based on evidence on record or duly presented in the course of the investigation.

**Section 4:** The decision/resolution may include restitution or reimbursement of any damage or injury as a result of the acts or omission of the employee and shall be without prejudice to the other accountabilities the employee may still have with the Company. In all instances and regardless of the result of the administrative investigation, a copy of the Show Cause Memo (SCM), Notice of Disciplinary Action (NDA) and/or decision/resolution shall form part of the 201 file of the employee concerned.

**Section 5:** In all administrative investigations, administrative due process shall be observed. The employee shall be informed of the nature and cause of the accusation against him as well as the acts or omission constituting the offense and the provision(s) of the Code alleged to have been violated. The employee shall be duly notified of any and all hearings or proceedings relative to his administrative case and shall be given ample opportunity to be heard.**Section 6: Impersonal Imposition of Discipline:** The imposition of disciplinary action and penalties shall be directed to the offense/infraction committed, not at the person or personality. As a rule, the offense along with the mitigating or aggravating circumstances shall be the measure of penalty to be imposed.

**Section 7: Single Penalty Rule:** Only one penalty shall be imposed for each offense. If an administrative charge arising from one incident or a single set of facts or circumstances results to a finding that two or more offenses defined in this Code have been committed, the corresponding penalties for each offense shall be cumulated and/or the penalty finally imposed shall be based on the gravity of all offenses put together, but shall not exceed thirty (30) working days in case of suspension.**Section 8: Habitual Delinquency (Recidivism):** Except as otherwise provided in this Code or in a subsequent policy, the offenses committed by the employee within a period of one (1) year from the date of commission of the first offense (or the date of issuance of the Show Cause Memo, if date of commission is not determinable), shall be taken cumulatively as basis for the imposition of a heavier penalty. The length of time between the commission of each offenses, whether of the same nature or not, will serve as measure to determine if the employee is incorrigible or if the same merely indicates occasional lapses.**Section 9: Preventive Suspension:** If the subject employee's continued presence in his workplace poses a serious and imminent threat to the life or property of the Company or his co-employees, the Company may place the employee under preventive suspension for a period of not more than thirty (30)

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calendar days without pay. The imposition of preventive suspension shall not be deemed a penalty but only as preliminary step in an administrative investigation.

**Section 10-12** Available upon request

**Section 13:** Except as otherwise provided in this Code or in a subsequent policy, the prescriptive period in filing an administrative case against an erring employee shall be one (1) year from the discovery of the incident.

**Section 14:** Each employee of the Company shall be required to read and understand the Official Employee Handbook of the P.J. Lhuillier Group of Companies (PJLGC), including this Code and, thereafter, to accomplish and sign an Employee Undertaking to be kept in his/her 201 File.

**RULE IV. LEVELS OF OFFENSES AND APPLICATION OF PENALTIES**

Offenses under this Code are categorized into three (3) levels, depending on the severity of the act and the penalty to be imposed.

- A. First Level Offenses** are those which are deemed grave offenses.
- B. Second Level Offenses** are those which are deemed less grave offenses.
- C. Third Level Offenses** are those which are deemed as light offenses

For purposes of application of penalties, suspension as a form of penalty shall be counted as “working days”.

**Section 1: Application of First Level Offenses: First Level Offenses** are punishable by dismissal from employment which carries the accessory penalty of forfeiture of all Company benefits and permanent disqualification from re-employment in the Company or any of the affiliate companies, without prejudice to the filing of the appropriate legal actions by the Company and/or offended party.

**Section 2: Application of Second Level Offenses**

**First Time Offender** – If the employee is guilty for the first time of a Second Level Offense, the penalty to be imposed shall be three (3) to ten (10) days of suspension without pay.

**Second Time Offender** – If the employee is guilty for the second time of a Second Level Offense, the imposable penalty shall be eleven (11) to twenty-nine (29) days of suspension without pay.

**Third Time Offender** – If the employee is guilty for the third time of a Second Level Offense, the imposable penalty shall be thirty (30) days of suspension without pay.

**Fourth Time Offender** – If the employee is guilty for the fourth time of a Second Level Offense, the imposable penalty shall be dismissal from employment with accessory penalties.

<b>Number of Offense</b>	<b>Sanction</b>
First Offense	3-10 days suspension
Second Offense	11-29 days suspension
Third Offense	30 days suspension
Fourth Offense	Dismissal

**Section 3: Application of Third Level Offenses**

**First Time Offender** – If the employee is guilty for the first time of a Third Level Offense, the imposable penalty shall be a Written and Formal Reprimand.

**Second Time Offender** – If the employee is guilty for the second time of a Third Level Offense, the imposable penalty shall be three (3) to ten

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(10) days of suspension without pay.

**Third Time Offender** – If the employee is guilty for the third time of a Third Level Offense, the imposable penalty shall be eleven (11) days to twenty-nine (29) days of suspension without pay.

**Fourth Time Offender** – If the employee is guilty for the fourth time of a Third Level Offense, the imposable penalty shall be thirty (30) days of suspension without pay.

**Fifth Time Offender** – If the employee is guilty for the fifth time of a Third Level Offense, the imposable penalty shall be dismissal from employment with the accessory penalties.

Number of Offense	Sanction
First Offense	Written and Formal Reprimand
Second Offense	3-10 days suspension
Third Offense	11-29 days suspension
Fourth Offense	30 days suspension
Fifth Offense	Dismissal

**Section 4:** Notwithstanding the foregoing provisions, in case an employee is found guilty of committing five (5) offenses within one (1) calendar year, whether classified as Third or Second Level Offenses, the penalty to be imposed for the fifth (5<sup>th</sup>) offense shall be dismissal from employment with the accessory penalties.

**Section 5: Conflict of Rules:** In case of conflict between the provisions of this Code and other special rules or policies which may hereafter be implemented, the more severe provisions with regard to definitions of specific offenses and/or penalties shall apply.

**Section 6:** In addition to the types of offenses enumerated hereunder and notwithstanding the specific penalties imposable therefor, the necessary disciplinary and punitive measures, as may be deemed fit, may be imposed depending on the seriousness of the offense, the amount of the loss, and other aggravating and mitigating factors.

**Section 7:** In case of violations or infractions not enumerated in the types of offenses under this Code but are similar to or analogous thereto, the Company reserves the right to impose the necessary disciplinary and punitive measures it may deem fit, depending on the seriousness of the offense, the amount of the loss, and other aggravating and mitigating factors.

**RULE V and VI (Available Upon Request)**

**RULE VII. OTHER PROVISIONS**

**Section 1: Command Responsibility:** Compliance with all Company rules and regulations is the responsibility not only of the individual employee but also of his superior. Accordingly, a supervisor or manager may be held liable, under the principle of command responsibility, if the infraction committed by his subordinate could have been prevented had he performed the duties to regularly monitor his subordinates' performance and to immediately act on their infractions. In such cases, the superior (supervisor or manager) shall be charged with Neglect of Duty, and may be penalized with the same penalty as the principal or meted another penalty to be determined in the light of the offense actually committed and the surrounding circumstances.

**Section 2: Tolerance or Condonation of Offense:** Any employee, although not in connivance or conspiracy with the offender, is clearly in a position, acting alone and without risk to himself, to prevent the commission of an offense punishable under this Code, or to take measures to solicit or obtain the assistance of others when needed to prevent the commission of such an offense, or to inform others who are in a position to prevent the commission of such offense, but fails to do so, shall be charged with tolerance or condonation of the offense committed and may be penalized with the same penalty as the principal or meted another penalty to be determined in the light of the offense actually committed and the surrounding circumstances.

**Section 3: Duty to Report:** It is the duty of every employee to report to management, within reasonable time, any information in his possession

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about any offense which has been, is being, or is about to be committed. In case of failure, refusal or concealment, the employee shall be charged with failure to report the offense committed and may be penalized with the same penalty as the principal or meted another penalty to be determined in the light of the offense actually committed and the surrounding circumstances.

**Section 4: Instigation:** Any employee who instigates, influences, persuades, forces, coerces, or otherwise causes another to commit an offense shall be deemed to have committed that offense himself, and may be penalized with the same penalty as the principal or meted another penalty, to be determined based in the light of the offense actually committed and the surrounding circumstances.

**Section 5: Conspiracy or Concerted Action:** If any offense punishable in this Code is committed by a group of employees acting in concert, each employee who participates in any way in the concerted action shall be punished with the penalty prescribed for the most serious offense resulting therefrom.

**Section 6: Supplementary Rules:** A group or division within the Company may, when warranted, issue supplementary rules and regulations which are consistent with the provisions of this Code for specific application to the operation of their unit. Such subsequent supplementary rules and regulations shall be reviewed and cleared by the Chief Administrative Officer and Legal Services Group Head and approved by the President/CEO.

**Section 8: Omnibus Provisions:** This Code shall not be construed as a limitation to other acts which may not be contained herein but in the opinion of the Company, require appropriate disciplinary action, the same being deemed part of this Code. All employees must comply with and abide by such policies, rules, or regulations. Violations thereof shall result to imposition of the appropriate penalty based on the gravity and/or the frequency of the offense or as prescribed in such specific policies, rules or regulations.

**Section 9: Disciplinary Action:** Human Resources Development Division shall be responsible for developing and updating the procedural guidelines for disciplinary action. The unit shall also ensure the proper communication and implementation of these guidelines across the organization. On the other hand, a manager or supervisor is responsible for instilling discipline in his unit, and is expected to follow the procedures for disciplinary action when an employee under his supervision commits an offense/s.

## CODE OF ETHICS

Employees of PJ Lhuillier Group of Companies shall continuously uphold and abide by the following ethical principles that are vital to the attainment of a high standard of professionalism and ethics in the industry.

### Principle 1: Integrity and Honesty

To be honest and open in all their dealings, even when no one is looking. This includes behaving in an accountable and trustworthy manner and avoiding any acts that might damage the reputation of, or bring discredit to the Company as well as reporting any wrongdoing in a timely manner through the appropriate channels.

### Principle 2: Professional Competence

To develop and maintain relevant knowledge, skills and behaviour to ensure that their activities are conducted professionally and proficiently, thereby providing utmost customer satisfaction. This includes acting with diligence, as well as obtaining and regularly updating the appropriate qualifications, training, expertise and practical experience.

### Principle 3: Fairness and Transparency

To act responsibly and embrace a culture of fairness and transparency. This includes treating those with whom they have professional relationships with respect and ensuring that they consider the impact of their decisions and actions towards all stakeholders.

### Principle 4: Confidentiality

To protect and uphold the confidentiality and sensitivity of information provided to them. This includes the duty to use such information for its intended purposes only and of not divulging information to any unauthorized persons, including third parties, without the necessary consent from

those involved unless disclosure is required by law or regulation.

**Principle 5: Objectivity**

To not allow any conflict of interest, bias or undue influence of others to override their business and professional judgment. They shall declare to those concerned, all matters that could impair their objectivity.

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