



CODE OF CONDUCT

I. UNDERLYING PHILOSOPHY

UCPB and its subsidiaries collectively called UCPB Group (Group), is a national financial services organization serving individuals, small-and medium-sized enterprises, middle market companies, large foreign and domestic corporations, government agencies and other financial institutions across the country.

As financial services provider, UCPB Group is engaged in a business vested with public trust.

UCPB Group is keenly aware that its relationships with its customers are founded on confidence. Any loss or even a slight erosion of customer confidence, however momentary, not only impairs its ability to grow but also endangers its very existence. At all times, therefore, UCPB Group seeks to safeguard its reputation and protect its integrity. It conducts its operation with transparency and in strict compliance with the law and regulatory requirements.

All UCPB Group associates are expected to live up to these same stringent standards both inside and outside the workplace. Being representatives of the institution; they carry the name of UCPB. Every action they take reflects on the entire institution. The UCPB Group Code of Conduct serves as guide to the associates in their dealings with customers, trade partners, colleagues, and the general public. It lays down the norms of conduct in accordance with the UCPB Group's core values of fairness, accountability and transparency.

Our Norms of Conduct

Truly, we become less of what we assert we are; and worse, we lose our self-respect if we cannot adhere to the discipline of fairness, accountability and transparency and those principles of conduct forming the bedrock of our institution. These principles are:

1. Do not steal or help anyone steal
2. Do not cheat or help anyone cheat
3. Do not lie or help anyone lie
4. Do not abuse authority or fail your trust
5. Reject dishonesty in all its forms
6. Always maintain confidentiality
7. Avoid conflicts of interest

Sexual Harassment

We condemn sexual harassment; and outrightly reject any attempt to discriminate on the basis of sex in making rewards, promotions or appointments to any position. Sexual harassment of any form is a violation of the Code.

Duty to Report Violations

It is a matter of personal honor to report, or at least clarify, perceived violations. Failure to do so is a repudiation of one's membership in our community.

Violations of Laws are Violations of the Code

The Code punishes not only unauthorized deviations from policies, rules or regulations of the Group but also violations of the laws of the Philippines, especially the General Banking Law, the Anti-Money Laundering Act, the Law on Secrecy of Bank Deposits and other banking laws.

Command Responsibility

As officers and supervisors enjoy more privileges as well as the respect and obedience of the workforce, the more that they should realize that it is a breach of duty for any officer or supervisor to fail to detect and correct violations committed in his area of responsibility.

II. DUE PROCESS IN DISCIPLINARY PROCEEDINGS

All persons cited for violation of the Code are entitled to due process; and no person shall be punished, suspended, terminated or otherwise subjected to disciplinary penalties, without first being given an opportunity to explain his/her side.

Any person summoned to answer charges of violation of the Code are entitled to seek the assistance of a lawyer.

III. VIOLATIONS

Violations punishable under the Code are:

1. Acts or omissions contrary to the laws of the Philippines, the Law on Secrecy of Deposits, the General Banking Law, Anti-Money Laundering Act and other banking laws.
2. Acts or omissions contrary to the policies, rules and regulations of the Group, including operating memoranda or implementing regulations, issued by duly constituted superiors.
3. Acts or omissions enumerated in this Code and those analogous thereto.
4. Acts or omissions contrary to the norms of good conduct generally required to be observed by those in the banking industry.

A violation is either intentional, or committed through negligence.

A violation is intentional when it is done on purpose; with a pre-determination to act in a specified way.

There is negligence when one, considering the attendant circumstances, fails to observe that degree of care, precaution and vigilance which an ordinary person would exercise over his own affairs. It is the omission to do that which a reasonably prudent person would do, or the doing of something, which a reasonably prudent person would not do.

Negligence may be simple or gross depending on the attendant circumstances of the case.

Gross negligence coupled with loss to the UCPB Group or to a third-party amounts to bad faith; and it shall be dealt with as an intentional violation.

Unexplained loss of money or property entrusted to one's custody constitutes gross negligence and shall also be dealt with as an intentional violation.

For purposes of this Code, "minimal loss" shall mean a loss not exceeding Five Thousand Pesos (P5,000.00) and "substantial loss" shall mean loss exceeding Fifty Thousand Pesos (P50,000.00).

IV. CLASSIFICATION OF VIOLATIONS

Violations are either Minor, Moderate or Major.

All Minor violations shall be cumulative within a calendar year.

Moderate and Major violations shall be cumulative during the tenure of an employee.

The enumeration and classification of violations in the Code are not exclusive but are examples of violations of laws, policies, rules and regulations, or of situations analogous or similar to those described.

A. MINOR VIOLATIONS

The following, and those analogous thereto, are minor violations:

1. Violations of the UCPB Group's attitudinal or behavioral policies, rules or regulations resulting or which could result only in minimal or no loss, damage, injury to persons or the institution or its image.
2. Failure to wear the prescribed uniforms without valid reason and proper authority.
3. Failure to log in the Automated Attendance Monitoring System/ Timekeeping System.
4. Unauthorized absence from work place during scheduled work hours.
5. Sleeping or doing personal work/activity or engaging in private business during scheduled work hours.
6. Tardiness (please see separate policy on tardiness)
7. Unexplained and unscheduled one (1) day absence.

8. Disregard of safety and/or security rules resulting or which could result in minimal or no loss, damage, injury to persons or the institution or its image.
9. Unsanitary practices, or unprofessional behavior, or unauthorized drinking of any alcoholic beverage during regular working hours.
10. Sloppiness in appearance and work.
11. Failure to treat clients, superiors and co-workers with due civility.
12. Negligence or dereliction of duty resulting or which could result in minimal or no loss, damage, injury to persons or the institution or its image.
13. Unauthorized or improper use of Group's resources, facilities and equipment, including, but not limited to time, machines, records, vehicles or equipment resulting or which could result in minimal or no loss, damage, injury to persons or the institution or its image.
14. Discourtesy towards clients not resulting in loss of the account.
15. Delay in accomplishing an assigned task.

B. MODERATE VIOLATIONS

The following, and those analogous thereto, are moderate violations:

1. Acts or omissions which, though classified as minor violations, have been committed more than three (3) times within a calendar year and for which the employee have been warned or sanctioned; or for which, even if committed only once or twice, a warning had been issued that the next violation shall be treated as a Moderate offense.
2. Any act or omission, resulting in loss, damage or injury, or which places the Group in jeopardy and/or risk of loss, damage, or injury between P5,000 to P50,000.00
3. Abuse of or acting in excess of one's authority or discretion not resulting in any loss or damage.
4. Absence Without Official Leave for three (3) consecutive days. Failure to timely file leave application.
5. Quarrelling with intimidation, coercion or assault on, another within the company premises
6. Repeated failure to comply with instructions of superiors concerning work, or repeated failure to comply with procedural or administrative requirement not resulting in loss or damage to the Group.
7. Organizing group activities for any non-work related purpose on company time and/or premises without the prior knowledge and authorization of the Supervising Officer.
8. Unauthorized use of company name or property for personal gain but without loss or damage to the Group.
9. Wilfully causing slight physical, mental or emotional injury to any employee of the Group within the company premises, or even outside the premises, if work related.
10. Reporting for work under the influence of liquor.
11. Gambling within company premises at any time.

C. MAJOR VIOLATIONS

The following, and those analogous thereto, are major violations:

1. Dishonesty in any form such as but not limited to fraud, theft, stealing, attempting to steal or helping anyone to steal, cheating or helping anyone to cheat, lying or helping anyone to lie.
2. Grave abuse of authority or discretion.
3. Breach of trust.
4. Disclosing to unauthorized persons or in unauthorized manner the confidences of clients; and violating the confidentiality required by the nature of client's affair or transactions.

5. The unauthorized disclosure, either intentionally or through inadvertence or negligence, or infidelity in the safekeeping or custody of, or the unauthorized use of, any restricted or regulated operating, access or electronic passwords and/or IDs assigned to an officer, employee or client of the Group, or even a third party, regardless of whether or not there is resulting or consequential loss to the Group.
6. Gross insubordination, defined as the willful or intentional disregard of or refusal by an employee to obey the expressed or implied instructions or direction of a superior, characterized by a wrongful and perverse attitude to violate a lawful and reasonable order pertaining to the duties the employee has been engaged to discharge. The repeated failure to comply with policy, rules and regulations, or with the Group's operating procedures shall be considered gross insubordination.
7. Violation of DOSRI rules.
8. Engaging or being involved in any undertaking that places or could place the employee in direct conflict of interest with his responsibilities in the Group.
9. Repeated minor and/or repeated moderate violations for which a final written warning, that a repetition would result in termination, had been given, regardless of whether or not they actually result in loss or damage to the Group, directly or indirectly.
10. Acts or omissions which, in the ordinary course of events, would have resulted in substantial financial loss, damage or injury, if not for the presence of extenuating circumstances or of timely remedial or preventive measures taken.
11. Any act or omission, resulting in substantial loss, damage or injury, or which places the Group in jeopardy and/or risk of substantial loss, damage, or injury exceeding P50,000.
12. Any act or omission which places the Bank's reputation or image in jeopardy of being tarnished.
13. Misrepresentation resulting in substantial loss or damage to the Bank or Bank clients.
14. Falsification or forgery of company records and documents.
15. Acts that can be considered as violations of Republic Act 1405, Anti-Money Laundering Act and other banking laws.
16. Willful concealment or cover-up of a violation or encouraging others to do the same.
17. Gross negligence in performance of one's duty, or gross dereliction of duty, resulting in loss or damage to the Group.

Unexplained loss of money or property entrusted to one's custody is gross negligence.

There is gross negligence or gross dereliction of duty when there is an intentional failure to perform a manifest duty in reckless disregard of the consequences; such a gross want of care and regard for the rights of others as to justify the pre-sumption of willfulness and wantonness. In case of officers and/or supervisors, there is a presumption of gross negligence or gross dereliction of duty when he/ she fails to closely monitor, oversee, direct, coordinate and control the activities of subordinates within his area of jurisdiction.

There is gross dereliction of duty under the doctrine of command responsibility if the officers/supervisor has knowledge of the existence of a condition, situation or circumstance which is or could be prejudicial or detrimental to the Bank, or that an offense will be committed, is being committed or has been committed by his subordinates, or by others, in his area of responsibility, but did not take timely preventive or corrective action either before, during or immediately thereafter.

18. Acts that can be considered as sexual harassment (as defined under R.A. 7877), acts of lasciviousness as defined in the Revised Penal Code, indecent behavior, and moral indiscretion.
19. Deliberate destruction or damage to property of the institution.
20. Use or removal from Group premises of records/property without proper authority resulting or which could result in substantial loss or damage to the Group.
21. Publishing or disseminating false or malicious statements concerning the Group, its employees or clients.
22. Demanding/Soliciting, accepting, for personal benefit, directly or indirectly, any sum of money, or anything of value in consideration of any act of service connected with the performance of duties of the employee.

23. Borrowing from a Group client by taking advantage, or making use of one's authority or position in the Group or under such circumstances that could result in the employee's conflict of interest.
24. Willfully causing serious physical, mental or emotional injury to any employee of the Group within the company premises, or even outside the premises, if work related.
25. Possession of firearms, deadly weapons and/or dangerous prohibited drugs within the company premises at any time without the proper authorization from the Group.

V. SCHEDULE OF PENALTIES AND DELEGATION OF AUTHORITY

1. FOR MINOR VIOLATIONS

- 1.1 The penalty for Minor Violation shall range from an oral or written reprimand to suspension of up to five (5) consecutive calendar days provided the suspension starts on a Monday.
- 1.2 It shall be the duty of the Division/Department Head or Branch Manager, under the supervision of the Group/Division Head or Region Head, as may be applicable, to resolve minor violations within two (2) weeks from the date the violation was reported.

A direct supervisor of an offending person may investigate minor violations, and if warranted, may impose the penalty of oral or written reminder, or recommend a higher penalty to the Group or Division Head.

- 1.3 It shall be the duty of the Division/Department or Branch Head to fill out an HRG Oral Reprimand Form, with the appropriate sign off of the Group Head, for submission to HRG and filing in 201 File of the offending person for all cases of minor violation and the decision or action taken thereon.

2. FOR MODERATE VIOLATIONS

- 2.1 The penalty for Moderate Violations shall range from six (6) to thirty (30) consecutive calendar days suspension.
- 2.2 It shall be the duty of the Department/Division/Region Head, under the supervision of the Group Head, to resolve Moderate Violation within three (3) weeks from the date the violation was reported.
- 2.3 It shall be the duty of the Department/Division/Region Head to report to HRG, with the appropriate sign off of the Group Head, all cases of moderate violations investigated and heard by them and the decision or action taken thereon. HRG shall then record any violation in the 201 file of the offending person.

3. FOR MAJOR VIOLATIONS:

- 3.1 The penalty for a Major Violation shall range from thirty-one (31) consecutive calendar days suspension to termination of employment. In cases involving dishonesty or in similar offenses, the imposable penalty shall range from a minimum of sixty (60) consecutive days suspension up to termination.

When a charge or a finding of fact of a major violation is brought against an employee before a Group Head, it shall be the duty of the Group Head to study the finding of fact or the charge, the evidence and explanation present-ed and, if need be, to conduct a further investigation into the matter. The Group Head shall make a determination, not later than fifteen (15) days from receipt of the finding of fact or of the charge, if there is or are reasonable grounds to believe that a major violation has indeed been committed.

- 3.2 If in the opinion of the Group Head there is indeed a major violation, the Group Head shall submit the finding of fact or the charge, together with his own finding and recommendation, to the Committee on Employee Discipline (CED).
- 3.3 Where there is undue delay on the part of a Group Head in making a determination, or forwarding the charge to the CED, the Complainant, the Internal Audit Division, or Bank Compliance Division may elevate the charge directly to the President and CEO for appropriate action. Unless there are justifying circumstances, a delay of more than fifteen (15) calendar days from the time the finding or charge is brought to the attention of the Group Head shall be considered undue delay.
- 3.4 The CED shall, observing due process, schedule and hear the charge against the employee. It may summon any employee or even a third party to testify at the hearing of the charge. If it deems it necessary, the CED may cause or direct a further investigation of the charge. At the end of the hearing, it shall make its own finding of fact and recommendation to the President and CEO, or his designated representative.

- 3.5 The President and CEO has the authority to approve, or modify recommendations of the CED, including recommendations of termination or separation of any Bank employee, including senior officers.
- 3.6 The CED shall, depending on the complexity and volume of cases, endeavor to resolve a charge within a period of one (1) month from date the charge is referred to it.

4. GENERAL AUTHORITY

Notwithstanding the foregoing delegated specific authority:

- 4.1 The President and CEO may assume jurisdiction at any time, or may designate another person or persons, or create another committee to investigate, hear and review cases involving senior management and ranking officers of the Bank.
- 4.2 The CED may also take cognizance of and hear any minor or moderate violation involving substantial loss or damage to the Group (or a probability thereof) when the charge is referred by the President and CEO, or by the Chairman, or by the Group Head concerned. The CED, may, however, instead of hearing the charge, remand the charge to the appropriate authority for proper hearing and disposition on the basis of its preliminary findings that the violation would not qualify as a Major Violation.
- 4.3 The CED may, subject to the approval of the President and CEO, promulgate and issue such rules and regulations or rules of procedures in aid of its function. The CED may also create such CED sub-committees to assist it in the hearing and disposition of charges brought before it.

5. AUTHORITY OF GROUP HEADS TO CREATE COMMITTEES

Group Heads are authorized to create committees on employee disciplines (Group CED) for their respective groups to investigate possible erring employees assigned to their groups when the offenses to be investigated involve minor and moderate violations. After investigation, these Group CEDs shall make recommendations directly to the concerned Group Head on sanctions to be imposed, if any, and other actions to be taken under the circumstances.

6. WORD USAGE

Whenever the word "suspension" or "suspended" is used in the Code, it shall mean "suspension without salary pay". Whenever a penalty of suspension is meted out, it shall be construed as being in terms of consecutive calendar days, and shall start on a Monday particularly in cases where the suspension is for five (5) days or less, unless otherwise clearly specified in the recommendation or decision.

Whenever the word "termination" is used, it shall mean termination for cause and with forfeiture of benefits, unless the contrary is clearly otherwise stated.

VI. RESTITUTION OF LOSS OR COMPENSATION OF DAMAGE

Restitution or compensation of loss or damage is not a disciplinary penalty per se; however, it shall be required of and prioritized by a person who by act or omission, causes loss or damage to the Group or another, unless there are equitable considerations for requiring less than full restitution or compensation. The Delegation of Authority under Section V ("Schedule of Penalties and Delegation of Authority") above, carries with it the authority and responsibility to order restitution.

VII. GUIDELINES IN IMPOSING PENALTIES

The penalties to be imposed for each violation shall take into consideration the attendance or absence of malice or bad faith, negligence, dishonesty, fraud, deceit or the lack thereof; the individual's record of performance or violations; the nature and extent of participation; the attendance of mitigating or aggravating circumstances; the amount, or the probability of loss or injury caused by or resulting from such violation; and such other similar relevant factors.

Education is an aggravating circumstance while lack of it is mitigating. Rank or abuse of rank is an aggravating circumstance.

When it is deemed in the best interest of the service and/or of the offending person, accessory penalties such as, but not limited to, demotion, retraining or reassignment/ relocation; or suspension of promotion, withholding or forfeiture of salary increases, incentives, bonuses and benefits may be imposed.

VIII. GENERAL DISCIPLINARY PROCEDURE

1. A person cited for violation of the Code shall be informed in writing of the violations alleged to have been committed. The charge must specify exactly how the offense was committed; the persons involved; the actual or probable damage or losses; and more importantly the particular law, policy, or rule violated. In cases involving major violations, the persons charged shall be informed of their right to seek the assistance of a lawyer. This right may however be waived by the employ-ee.

A report by the either the Group Head, Internal Audit Division or Bank Compliance Division that an employee has committed a violation under the Code, specifying the law, policy, rules or regulations violated and the manner by which it was violated, shall be deemed a charge against such employee and shall be acted upon accordingly by the unit to which the finding is officially transmitted.
2. All persons summoned to respond to charges of violations under the Code shall be afforded the opportunity to explain their side and show cause why no disciplinary action should be taken against them.
3. When a decision is reached, the person(s) charged shall be informed of it in writing as specified in Section X ("Implementation of Penalty"), paragraph 4 below, except when the penalty is an oral reprimand. An Oral Reprimand Form shall be filled out for oral reprimands, with copy to HRG for the 201 File of the employee.
4. No action shall be taken on offers of resignation or retirement of persons undergoing investigations, particularly those who have committed dishonesty, fraud, theft or other major offenses, until such time that the cases shall have been resolved with finality by the proper body or unless approved by the Chairman and CEO, or his designate. This applies even in instances where the Bank has been fully restituted for its loss.

IX. PREVENTIVE SUSPENSION

Pending the final outcome of the investigation/hearing of the reported violation, the Group Head may place any person charged on preventive suspension without pay if his continued employment poses a serious threat to the investigation being conducted by the Bank, service or the business or the property of the Bank or to the life or property of his co-employees and of the clients of the Bank. The employee's access to Bank premises shall be restricted as in Section X ("Implementation of Penalty"), paragraph no. 6.

In accordance with the Labor Code provision, preventive suspension shall not last longer than thirty (30) calendar days. The Bank shall thereafter either reinstate the person suspended to his former position or assign him to a substantially equivalent position, or extend the period of suspension PROVIDED, that during the period of extension, the Bank pays the wages and other benefits due him; and he shall not be bound to reimburse the amount paid to him during the extension even if the Bank decides, after completion of the investigation and/or hearing, to terminate his employment.

In case the employee is exonerated, his salary corresponding to the period when he was on unpaid preventive suspension shall be paid to him.

X. IMPLEMENTATION OF PENALTY ON MAJOR VIOLATION

1. Where the penalty approved is a termination or separation from employment, the CED shall forward the approved decision to the Head of HRG not later than two (2) working days from receipt of such approved decision. However, the Head of HRG shall not implement the same until after the lapse of five (5) working days from date of receipt of the approved decision so as to enable those who brought the charges to appeal the decision within the five (5) days period.

If no notice of appeal is received by the CED and by the Head of HRG within five (5) days period, HRG shall implement the decision not later than two (2) working days from the lapse of the five (5) days period and it shall not be delayed or stayed by an appeal taken by the employee concerned, unless with the approval of the President and CEO. Appeal by the employee shall be governed by para-graph No.3, Section XI, below.
2. Where the approved decision in a charge for a Major Violation is an exoneration of the person charged, or where the approved penalty is lesser than termination or separation from employment, the CED shall notify the concerned Group Head and those who brought the charge against the employee, within two (2) working days from receipt of such approved decision. However, the Group Head shall not notify the employee of such decision until after the lapse of five (5) working days from receipt thereof so as to allow those who brought the charge against the employee to appeal the decision.

If no notice of appeal is filed with the CED and the concerned Group Head before the lapse of the five (5) days period, the Group Head shall inform the employee of the approved decision not later than two (2) working days from the lapse of the (5) days period. A penalty shall be implemented not later than fifteen (15) calendar days from such notice to the employee. Appeal by the employee shall be governed by paragraphs 1 and 2, Section XI, below.

ON MINOR OR MODERATE VIOLATION

3. A decision or penalty on a Minor or Moderate violation charge shall be implemented not later than fifteen (15) calendar days from the date of the decision or from the date of approval, where an approval is required. It shall be the responsibility of the Group Head to ensure that the penalty is imposed and served.

IN GENERAL

4. All implementing communication shall clearly state the conclusion and recommendation on the charge and the corresponding decision or penalty imposed.
5. It shall be the duty of the person issuing an implementing communication to provide HRG, within twenty four (24) hours, a copy for payroll and the 201 file of concerned employee.

ON ACCESS TO GROUP PREMISES

6. A person who is suspended or terminated shall not be allowed in any case to work for the Group during his suspension or upon the effectivity of termination. Neither shall he be allowed to enter the premises of the Group, except:
 - 6.1 As a client of the Group in the transaction of a regular bank-client activity.
 - 6.2 When the offending party is on official business concerning his employment with the Group with the prior approval and supervision of the Head of HRG or of the Group Head, or of the Branch Head in case of branches.

XI. APPEAL PROCEDURE

1. In cases of Minor violation, appeal from a decision or order may be filed with the next higher officer not later than five (5) days from receipt of the decision being appealed.
2. In cases of Moderate violation and where the penalty is less than termination or separation from employment, an employee may, before serving the penalty, appeal the decision within ten (10) days from notice of such decision. The appeal from any decision shall be filed with the next higher officer. However, in the case of a decision or an order of the Group Head, the appeal shall be filed with the President and CEO, or his designate. The decision of the President and CEO is final.
3. In cases of Major violation, even if the penalty is termination or separation from employment and notwithstanding the fact that such penalty is immediate and executory, an appeal for reconsideration may still be made with the President and CEO, or his designate, within thirty (30) days from receipt of notice of decision. The decision of the President and CEO is final.

XII. GUIDELINES ON FILING OF CRIMINAL CASES

1. In cases involving a crime, the Internal Auditor, Bank Compliance Division or the Group Head may at any time recommend to the President and CEO the filing of criminal cases against erring employees even before the filing of any administrative charge before the CED.
2. The CED, after hearing, may also recommend the filing of criminal charges where none has yet been filed or recommended upon confirmation of any of the following circumstances:
 - a. The violation is so grave and/or done in open defiance of the group's policies that there is a need to provide an example to serve as a deterrent for similar violations.
 - b. The offender has exhibited a clear degeneration of moral values that the whole community is prejudiced if he remains unpunished.
 - c. There is criminal intent to gain/profit.
3. The authority to approve the filing or non-filing of criminal case lies with the President and CEO of the Group or his designate.

(Supplement No. 1)

POLICY ON SEXUAL HARASSMENT

I. DECLARATION OF POLICY

Under Republic Act No. 7877, otherwise known as the “Anti-Sexual Harassment Act of 1995,” sexual harassment is committed by an employer, employee, manager, supervisor, trainor or any other person who, having authority, influence or any other person who, having authority, influence or moral ascendancy over another in a work environment demands, requests or otherwise requires any sexual favor from the other, regardless of whether the demand, request or requirement for submission is accepted by the object of said act.

The commission of acts constituting sexual harassment violates human dignity and shall not be condoned by the Bank. With this Policy, the Bank affirms commitment to take a serious stand against any and all forms of sexual harassment committed by Bank officers and/or employees. Thus, the Bank shall not hesitate to impose disciplinary sanctions on officers and/or employees who are found guilty by the Bank of committing acts constituting sexual harassment.

This policy shall apply to all officers, managers, supervisors, rank-and file employees, trainors, and trainees of the Bank, as well as job applicants considered by the Bank for employment. This policy contains the parameters of behavior in the work environment considered by the Bank as unacceptable and which amount to sexual harassment. It should be understood, however, that the resolution of controversies under this policy shall not be determinative of civil or criminal liability under RA 7877.

II. DEFINITION OF SEXUAL HARASSMENT

1. HOW COMMITTED

The Bank defines sexual harassment as any unwelcome and sexual advance, request for sexual favors and other verbal or physical conduct of a sexual nature under any of the following circumstances:

- a) the sexual favor is made as a condition in the hiring or in the employment, re-employment or continued employment of an individual, or in granting said individual favorable compensation, terms, conditions, promotions or privileges;
- b) the refusal to grant the sexual favor results in retaliation by limiting, segregating or classifying the employee in any way that discriminates, deprives or diminishes employment opportunity or advancement or otherwise adversely affects said employee;
- c) the act or conduct results in an intimidating, hostile or offensive environment for the employee; or
- d) the act or conduct would impair the employee’s rights or privileges under existing labor laws.

2. WHERE COMMITTED

Sexual harassment may be committed in any work or training environment, which includes, but is not limited, to the following:

- a) in or outside the office building or training site;
- b) at office or training-related social activities;
- c) in the course of work assignments outside the office;
- d) at work-related conferences, seminars, studies or training sessions; or
- e) during work or training-related travel.

III. GUIDELINES AND PROCEDURES IN THE INVESTIGATION OF SEXUAL HARASSMENT CASES:

1. COMMITTEE ON EMPLOYEE DISCIPLINE (CED)

The Bank’s Committee on Employee Discipline shall conduct the investigation of cases constituting alleged sexual harassment.

2. GUIDELINES

Associates are strongly encouraged to report cases of sexual harassment either to (a) his/her immediate Supervisor; (b) the Human Resources Group; or (c) a member of the Committee on Employee Discipline. Sexual harassment or retaliation must be reported in writing. The complaint must contain the following information:

- a) full name of complaining associate;
- b) the full name of the alleged harasser;
- c) the specific charge; and
- d) a brief statement of relevant facts (when, where, how it happened).

If there are any witnesses, affidavits of said witnesses may be attached to the complaint.

3. PROCEDURE

All reported cases of sexual harassment shall be referred to and investigated by the CED.

The respondent will be required to answer the complaint within three (3) working days from receipt of the complaint. The failure of the respondent shall be deemed a waiver of his/her right to present evidence in his/her behalf.

The Committee shall conduct a hearing on the case no later than ten (10) working days from date of receipt of the respondent's answer to the complaint.

The parties may avail of the services of counsel.

No postponement shall be granted except in meritorious cases. The failure of a party to attend a hearing without meritorious ground shall be deemed a waiver of his right to present evidence.

Within fifteen (15) working days from receipt of the Committee's report/recommendation, Management shall render its decision on the case.

IV. SANCTIONS

A. CLASSIFICATION OF OFFENSES

Acts constituting sexual harassment may be categorized into light, serious, and very serious offenses.

Light Offenses - Depending on the circumstances surrounding each case, this includes making offensive hand or body gestures at a co-employee; staring or leering at a co-employee; making obscene phone calls to a co-employee during and outside work hours; taunting or offending a co-employee with constant talk of sex or sexual innuendoes; displaying offensive pictures or publications in the workplace; asking a co-employee intimate questions; any offensive remark, act or behavior with sexual undertones to which the object of the remark or behavior has voiced out his/her objection; and other similar acts.

Serious Offenses - Depending on the circumstances surrounding each case, this includes unwelcome pinching, intentionally and unnecessarily brushing up against a co-employee's body with lewd design, requesting for dates or favors in exchange for a job, favorable working conditions, promotion or assignment, and other similar acts.

Very Serious Offenses - Depending on the circumstances surrounding each case, it includes acts ranging from touching a co-employee in sensitive parts of his/her body to threats of a sexual nature to actual sexual assault.

Any person who directs or induces another to commit any act of sexual harassment or who cooperates in its commission by another without which it would not or could not have been committed, shall be held liable for the same offense.

B. SCHEDULE OF PENALTIES

Subject to the exercise by Management of its discretion to impose such specific penalties as it believes to be warranted under the circumstances of each case, the following penalties may be applied against employees found guilty of sexual harassment:

Written warning - first commission of a light offense.

Fifteen to Thirty Days Suspension (Depending on the gravity of the offense) - second commission of a light offense; first commission of a less serious offense.

Dismissal - third commission of a light offense, second commission of a serious offense; first commission of a very serious offense.

V. INTERIM MEASURES

Whenever necessary, Management may, upon recommendation of the Committee on Employee Discipline (CED), impose interim measures to ensure that the pendency of a complaint for sexual harassment filed by an employee against a co-employee working in the same unit, division, group, or branch, as the case may be, does not pose a threat to the well-being of the parties involved or adversely affect their performance and thereby hamper or impede the smooth operation of such unit, division, group, or branch where such parties are assigned. In such instances, Management may, during the pendency of the case, temporarily transfer, reassign or relocate either or both parties to another unit, division, group, or branch.

VI. NATURE OF FINDINGS

The remedy taken by the complaining party under the Policy does not preclude him/her from resorting to judicial or other relief. Moreover, any finding by the Management of the existence of sexual harassment is only for the purpose of sanctioning the commission of sexual harassment as defined in the Policy. It is not determinative of criminal or civil liability as a sanction for the commission of sexual harassment as defined under Republic Act No. 7877.

VII. BURDEN OF PROOF

The complaining employee, trainee, or applicant has the burden of proving the commission of sexual harassment. However, where the act complained of is not disputed or denied by the alleged harasser, the latter shall be presumed to have committed sexual harassment, unless he/she established to the satisfaction of the Management that-

- a) the act complained of was committed outside the work or training environment;
- b) the alleged harasser is not a superior, manager, direct supervisor or trainor, or has no authority, influence, or moral ascendancy over the complaining employee; and
- c) the complaining employee consented to the act complained of.

(Supplement No. 2)

PERSONAL INVESTMENT POLICY

DEFINITION

Associates of the UCPB Group may purchase and sell investments for their personal or family accounts and risk as long as these transactions are consistent with applicable law and regulation and this Personal Investment Policy. All investment decisions must be based solely upon publicly available information.

Care should be exercised to avoid any conflict of interest or appearance of conflict with the activities of UCPB or its subsidiaries.

Personal Investment Transactions are purchases or sales of all forms of securities as defined below for:

1. The associate's own account;
2. Any member of the associate's immediate family living in the same home regard-less' of consanguinity;
3. A legal vehicle in which the associate has a direct or indirect beneficial interest and has power over investment decisions.

Securities are defined as stocks, notes, bonds, closed-end mutual funds, debentures and other evidences of indebtedness, including senior debt, subordinated debt, commercial paper, investment contracts, commodity contracts, futures and all derivative instruments that may not be defined as "securities" for purposes of local law.

PROHIBITED PRACTICES

The following practices are strictly prohibited for UCPB Trust Banking Division (TBD) personnel:

Misuse of Material Non-Public Information

TBD employees may not use material non-public information, whether about UCPB or another company, in Personal Investment Transactions. They also may not disclose it to others, even within UCPB, except on a "need to know" basis.

"Material non-public information" (sometimes called "inside information") is information that is not known by the investing public and the knowledge of which might influence the price of securities of a company or the value of the financial product(s) being used/sold.

There is a "Chinese Wall" that exists between those engaged in portfolio management and other parts of the institution so as to ensure that transactions for portfolio management clients are not and do not appear to have been based on material and non-public information. From time to time additional "Chinese Walls" may be established as needed. [A "Chinese Wall" is a set of policies and procedures utilized by financial institutions to prevent inappropriate disclosure of sensitive information obtained in the normal course of business by one part of the institution to other parts of the institution.]

Breach of Customer Confidentiality

Our clients have the right to expect confidentiality; every effort must be made to avoid failure to fulfill this expectation. Public or private discussion of the affairs of our clients should always be avoided except with those of our colleagues who have a need to know.

Conflicts of Interest

All UCPB employees have a duty to ensure that no Personal Investment Transaction of theirs conflicts with their corporate and client responsibilities. Accordingly, TBD employees shall not buy or sell security on the basis of knowledge:

- Of probable change in investment attitude and consequent action by UCPB with respect to that security;
- That UCPB is effecting or proposes to effect transactions in the security or other transactions which may affect the price of the security to material degree; or
- That UCPB is contemplating a transaction of any, kind that would have a material effect on a particular company or security.

TBD employees in an investment research capacity are prohibited from engaging in Personal Investment Transactions in securities that they anticipate recommending for purchase or sale.

Abuse of Position

TBD employees will not use their position to obtain favored treatment to buy or sell securities for their own or family accounts.

Trading in UCPB Securities

All UCPB employees are prohibited from purchasing or selling any UCPB securities if they possess or have access to material non-public information.

Participation in Initial Public Offering:

The participation of TBD employees in Initial Public Offerings reserved for client accounts or managed funds is prohibited. In addition, employees must not misuse their positions to gain access to IPOs, particularly 'hot issues'.

However, subscription to IPO's not exceeding Peso 50,000.00 per stock is allowed and do not need pre-clearance.

Private Placements

TBD employees must obtain prior written approval from their Supervisor, the Chief Investment Officer or Compliance Officer, of any acquisition of private placements for personal accounts. However, private placement investments in personal accounts are prohibited if the employee is buying or selling an investment in which client accounts or managed funds are interested.

Transactions involving Personal Interest

TBD employees may not recommend or execute securities transactions in a client account or managed fund without having disclosed in writing (and obtained approval) to the Chief Investment Officer (CIO), or designate, any interest in personal accounts in such securities or issuers. This interest in personal accounts could be in the form of:

- Any direct or indirect ownership of any securities of such issuer;
- Any contemplated transaction by the employee in such securities;
- Any position with such issuer or its affiliates; or
- Any present or proposed business relationship between such issuer or its affiliates and the employee or any party in which such employee has a significant interest.

Short-Term Trading

Short term trading is discouraged. Short term trading is defined as the purchase and sale or sale and purchase of same or equivalent securities within 30-day period. Any deviation from this policy will require written justification and Chief Investment Officer or Compliance Officer approval prior to engaging in the short-term trade. Penalties will be applied where deemed necessary.

Blackout Periods for Personal Trading

Employees may not transact in a security for his/her personal account if:

- He/she has knowledge at the time of such transaction that the security is being considered for purchase or sale by a managed fund or client account; or
- He/she has knowledge at the time of such transaction that the security is being purchased or sold by a managed fund or client account.

Portfolio Managers may not buy or sell any securities for personal accounts seven (7) calendar days before or after managed funds or client accounts he/she manages trade in that security.

PRE-CLEARANCE OF PERSONAL TRANSACTIONS

All TBD employees are classified as Covered Persons and are required to:

- Acknowledge receipt of this TBD Personal Investment Policy and any modifications thereof, in writing.
- Ensure that proper approvals are obtained for accounts opened with UCPB-owned vehicles or with outside brokers/dealers, prior to executing any transaction. Disclosure of aforementioned information must be done at least once a year.
- Pre-clear in writing all their Covered Transactions with the Chief Investment Officer or Compliance Officer. Pre-clearance must be obtained using PIP Pre-Clear-ance Form.

All pre-clearance approvals are effective for two (2) business days, including the date of pre-clearance (except for Initial Public Offerings).

The following guidelines will be used for pre-clearance:

- Validation that the Covered Person is not exposed to confidential, proprietary or market/price sensitive information on issuer or its subsidiaries, i.e., transactions are not related to one's work;
- Validation that employee is not in possession of confidential, proprietary or market/price sensitive information On issuer or its subsidiaries, i.e., transactions are done on the basis of public information;
- Validation that amount is within the capacity of employee or is not disproportionate to the employee's known capacity or standing; and
- Validation that transaction is not speculative in nature, i.e., only for investment purposes and not to be traded within 30 days.

GENERAL APPROVAL

To facilitate the process, the following transactions do not require pre-clearance from the CIO or Compliance Officer:

- Transaction in Foreign Exchange (for exchange to Traveler check/cash) in amounts not exceeding US\$5,000.00 or the equivalent.
- Subscription to Initial Public Offerings not exceeding US\$5,000.00, per stock issue.
- Purchase/sale of stocks not exceeding a cumulative amount of US\$10,000.00, per stock issue on a yearly basis.
- Investment in government securities issued by the Bangko Sentral ng Pilipinas and National Treasury.

TRANSACTION DISCLOSURE

All TBD employees must submit broker confirmations to the Compliance Officer within 5 days from the last day of the pre-clearance coverage period.

All TBD employees must report all Personal Investment Transactions covered by the TBD Personal Investment Policy on a quarterly basis, within 10 days from the end of the calendar quarter, to the Compliance Officer, using the PIP Disclosure Form.

QUARTERLY REVIEW

After the quarterly filing, Bank Compliance will review all submissions for 'odd' or suspicious transactions.

CONFIDENTIALITY

The Pre-clearance Officer (either the CIO or Compliance Officer) shall maintain as confidential any information reported or received in connection with pre-clearance or Personal Investment Transactions, except as provided for in this Policy.

CONSEQUENCES OF NON-COMPLIANCE

Serious repercussions to the employee, as well as to UCPB and its officers, may arise from employee misuse of confidential information for his/her personal benefit. Individual penalties may include a censure, fine, termination of employment, as well as filing of criminal charges if necessary, UCPB may suffer the loss of business or reputation, as well as civil and criminal penalties. Section 56 of the Revised Securities Act of the Philippines imposes a penalty for insider trading of a fine of not less than Php 5,000.00 nor more than Php 500,000.00 or imprisonment of not less than 7 years nor more than 21 years, or both in the discretion of the court.

✓ Sections V.1.1, V.2.1 and V.5

From:	To:
<p>I. SCHEDULE OF PENALTIES AND DELEGATION OF AUTHORITY</p> <p>1. FOR MINOR VIOLATIONS</p> <p>1.1 The penalty for Minor Violation shall range from an oral or written reprimand to suspension of up to five (5) consecutive calendar days provided the suspension starts on a Monday.</p>	<p>II. SCHEDULE OF PENALTIES AND DELEGATION OF AUTHORITY</p> <p>1. FOR MINOR VIOLATIONS</p> <p>1.1 The penalty for Minor Violation shall range from an oral or written reprimand to suspension. If the offender is-</p> <ul style="list-style-type: none"> • a non-officer, length of suspension shall range from one (1) day to five (5) consecutive calendar days provided the suspension starts on a Monday • an officer, the length of suspension shall range from one (1) day to ten (10) consecutive calendar days
<p>2. FOR MODERATE VIOLATIONS</p> <p>2.1 The penalty for Moderate Violations shall range from six (6) to thirty (30) consecutive calendar days suspension.</p>	<p>2. FOR MODERATE VIOLATIONS</p> <p>2.1 If the offender is</p> <ul style="list-style-type: none"> • a non-officer, penalty shall range from six (6) to thirty (30) consecutive calendar days suspension • an officer, the penalty shall range from eleven (11) to thirty (30) consecutive calendar days suspension <p>For any deviation in the above-mentioned range of penalties, please refer to the provisions stated in Section VII of the USB Group Code of Conduct – <i>Guidelines in Imposing Penalties</i></p>
<p>AUTHORITY OF DIVISION HEADS TO CREATE COMMITTEES</p> <p>Division Heads are authorized to create committees on employee disciplines (CED) for their respective divisions to investigate possible erring employees assigned to their divisions when the offenses to be investigated involve minor and moderate violations. After investigation, these CEDs shall make recommendations directly to the concerned Division Head on sanctions to be imposed, if any, and other actions to be taken under the circumstances.</p>	<p>AUTHORITY OF DIVISION HEADS TO CREATE COMMITTEES OR AUTHORIZE DEPARTMENT HEADS /SUPERVISORS TO RESOLVE MINOR AND MODERATE VIOLATIONS</p> <p>For minor and moderate violations, in coordination with the HRD Head/designated HRD Officer, Division Heads shall create sub-committees on employee discipline (SCED) or authorize a department head/supervisor in their respective divisions to investigate possible erring employees assigned to specific units. After investigation, the SCED or authorized department head/supervisor shall make recommendations to the concerned Division Head and HRD Head/designated HR Officer on sanctions to be imposed, if any, and other actions to be taken. In issuing a sanction to an employee, including verbal/written reprimand, due process MUST be observed. Due process in the context of employment is the right of an associate to be notified of the charge against him/her, to be provided the opportunity to defend himself or herself, and to be notified of the sanction/s.</p>

VIII. GENERAL DISCIPLINARY PROCEDURE

5. For minor and moderate violations:

- a. The written notice commonly referred to as a show cause memo, must be issued to the erring associate by the Employee Relations Officer, (or designated HR Officer) which contains the following:
 - Specific details on how the offense was committed, the person/s involved, actual/probable loss/damage and the particular law/rule/policy violated;
 - The specific penalty provided in the Bank's Code of Conduct for his/her alleged violation;
 - A statement that says he/she is given ample opportunity to explain his/her side why no disciplinary action/s should be taken against him/her, in writing, within five (5) days from receipt of the show cause memo;
 - Date, time and venue of the hearing/conference;
 - An advice that he/she has the right to seek the assistance of a lawyer.
- b. A hearing or conference (as mentioned in the show cause memo) must be conducted to allow the associate to respond to the charge/s, present evidence, or rebut the evidence presented against his/her.
- c. After due consideration, the SCED can recommend to the Division Head and HRD Head / designated HR Officer the results of the investigation/conference and the sanction to be imposed to the associate. The result of the investigation and the sanction to be imposed shall be included in the recommendation memo which will be signed/approved by the Division Head and concurred by the HRD Head / designated HR Officer.
- d. Upon approval of the recommendation, HR Head/authorized HR Officer shall issue an implementing memo to the associate.
- e. Copies of the documents i.e. show cause memo, written explanation of the erring associate, recommendation memo and implementation memo MUST be submitted to HRD as part of the Bank's reportorial requirements.