



PUBLIC SAFETY MUTUAL BENEFIT FUND, INC.

Resolution No. 2014 – 123

APPROVAL OF PSMBFI CODE OF DISCIPLINE

Whereas, there is a need to establish guidelines to boost the overall morale of the personnel and to serve as a common guidance of employees through strict adherence to principles of professional behavior;

Whereas, the PSMBFI Code of Discipline was created to provide such guidelines to the Management in imposing appropriate disciplinary measures for the infractions committed by employees. The Code of Discipline also informs the employees of the prohibited actions and the range of possible disciplinary actions;

Whereas, the Code of Discipline was presented to the Organization and Screening Committee and the Executive Committee for its consideration;

Whereas, the Organization and Screening Committee and the Executive Committee discussed the Code of Discipline in its respective meetings and recommended the revision and inclusion of provisions that shall improve and strengthen the same;

Whereas, Management has amended the Code of Discipline in accordance with the recommendations of the Organization and Screening Committee and the Executive Committee and presented the same to the Board for approval;

Whereas, upon due consideration of the proposed Code of Discipline, the Board has approved the same during the Regular Board meeting held last September 29, 2014;

Now, therefore, be it resolved, as it is hereby resolved, that the Board approves the PSMBFI Code of Discipline hereto attached;

Be it resolved finally, that copies of this resolution be furnished the Chairman and the Vice Chairman of the Board of Trustees, the President, the Vice President, and the PSMBFI Management for reference and information.

Done in San Juan City this 29th day of September 2014.

DIR ALAN LM PURISIMA
Chairman

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DIR ANTONIO P BILLONES
Vice Chairman



DIR MARIO A AVENIDO
President



DIR BERNARDO C FLORECE JR
Vice President

DIR FELIXBERTO S LAGIWID
Treasurer



DIR MARTIN F BOLIVAL JR
Assistant Treasurer



DIR CATALINO S CUY
Trustee

DIR ROLANDO A PURUGGANAN
Trustee



DIR JAIME H MORENTE
Trustee



DIR ERIC Q JAVIER
Trustee



DIR SERGIO A DIMANDAL
Trustee



DIR RAUL BASILIO D BOAC
Trustee



DIR CELESTINO D VALERA
Trustee



DIR DANDIE M BONITA
Trustee

DIR LUISITO L LANNU
Trustee

Attested by:



ATTY ASHER A DOLINA, CEO VI
Corporate Secretary

The PSMBFI Discipline Policy

The company believes in the implementation of policies and regulations that are necessary for optimum effectiveness and favorable accomplishment of organizational objectives. The policy of PSMBFI on employee discipline, to be specific, is intended not to penalize or punish, but to boost the overall morale and serve as common guidance and protection for all employees in the organization through strict adherence to principles of professional behavior.

The Human Resource Department, with the guidance of management, aims to instill positive discipline with utmost impartiality in accordance with the Company Code of Discipline that will develop and maintain mutual respect and a good working relationship among PSMBFI employees.

The purpose of this Code of Discipline is to establish guidelines for the enforcement of PSMBFI policies and to guide Management in imposing the appropriate disciplinary measures for the infractions committed. This should also inform employees of the prohibited actions and the range of possible disciplinary actions. This Code of Discipline is not exclusive, and not conclusive of the appropriate disciplinary action for the employee's infraction.

Scope and Applicability

The policy and procedures set herein shall apply to all PSMBFI employees irrespective of status of employment whether the violation is committed:

- inside Company premises/property while employee is on or off-duty;
- outside Company premises/property while performing official work/tasks;
- outside Company premises/property during company-sponsored or company-related activities, or while in company vehicle; or
- outside Company premises/property while off-duty, if the incident impacts employee's work with the Company.

Management Responsibility

1. PSMBFI management shall ensure that all incidents concerning employee discipline are dealt with in a swift and objective manner.
2. It shall take action on any policy infraction with the proper disciplinary action as specified in the Code of Discipline.
3. Any offense not specifically defined in the Code shall require Management to determine the disciplinary action to be imposed on a case-to-case basis considering the severity and circumstances of the act.

Employee Responsibility

1. All employees must assume their role in making certain that all company policies are appropriately implemented and strictly observed. Thus, it is the responsibility of every employee to report valid violations against Company policies.
2. Employees are expected to perform assigned responsibilities with professionalism and deference for company regulations at all times.
3. When necessary, employees are required to willingly participate in any official investigation/inquiry and not pose any hindrance to the effective execution of the discipline process.

Levels of Sanctions

1. Warning – is the lightest of penalties and calls the attention of erring employee in writing. Repetition of such violation within the prescription period would warrant the issuance of written reprimand or any higher penalty with reference to prevailing circumstances. This shall be documented and shall form part of the employee's 201 record.
2. Reprimand – is the second level written notice containing a summary of the events requiring the imposition of this penalty. It informs employee that a repetition of a similar violation within the prescription period warrants the next stricter penalty. The written reprimand shall be documented and shall form part of the employee's 201 record.
3. Suspension – is a temporary detachment from service for a specific duration but not to exceed thirty (30) working days without pay depending on the severity of the violation and with due regard to the continuous operation of the department to which the suspended employee belongs. During such period, the suspended employee shall be

restricted from entering the premises of the department without the approval of the Department Head. The employee shall be notified in writing of the period of suspension indicating the exact dates to be covered and the particular acts or infractions constituting the grounds for this penalty. The penalty of suspension must take effect within fifteen (15) calendar days from issuance of the Disciplinary Action Memo to the employee, unless otherwise ruled. This shall be documented and shall form part of the employee's 201 record.

4. Dismissal/Termination from Employment – is a dishonorable severance from service duly documented with a Notice of Termination stating the particular acts or omissions constituting the grounds for this penalty. Upon the employee's separation, he receives pay for unpaid worked days but automatically forfeits all benefits due him, except benefits mandated by law.

Article 282 of the Philippine Labor Code (Just Causes for Termination or Dismissal):

- a) Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
- b) Gross and habitual neglect by the employee of his duties;
- c) Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
- d) Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representatives; and
- e) Other causes analogous to the foregoing.

Classification of Offenses

Classification	Description	Offense	Corresponding Penalty
Class A (Minor Infractions)	The infraction was committed without malicious or fraudulent intent and does not result in any financial loss or damage/prejudice to the Company.	1 st Offense	Warning
		2 nd Offense	Reprimand
		3 rd Offense	3 Days Suspension
		4 th Offense	5 Days Suspension
		5 th Offense	10 Days Suspension
		6 th Offense	Dismissal
Class B (Less Serious Infractions)	The infraction involves a failure to exercise due diligence, with slight malicious or fraudulent intent, which results in minimal/negligible financial loss or inconsiderable damage / prejudice to the Company.	1 st Offense	Reprimand
		2 nd Offense	3 Days Suspension
		3 rd Offense	5 Days Suspension
		4 th Offense	10 Days Suspension
		5 th Offense	Dismissal
Class C (Serious Infractions)	The violation involves a failure to exercise due diligence, with malicious or fraudulent intent which results in moderate financial loss or considerable damage / prejudice to the Company; There is willful breach of trust and is a display of gross or habitual disregard for established operational policies or procedures of the Company.	1 st Offense	10 Days Suspension
		2 nd Offense	Dismissal
Class D (Severe Infractions)	The violation involves a failure to exercise due diligence, with deliberate malicious or fraudulent intent which results in serious financial loss or substantial damage / prejudice to the Company; There is serious and willful breach of trust and is a display of gross or habitual disregard for established operational policies or procedure of the Company.	1 st Offense	Dismissal

Prescription Period

The prescription period for offenses is the time within which any similar infraction committed by an employee will be dealt with following the next level penalty based on the Table of Offenses. Once period has lapsed, a same infraction will be dealt with as a first offense.

1. Class A & B : Minor and Less Serious Infractions – six (6) months from issuance of Disciplinary Action Memo.
2. Class C : Serious Infractions– twelve (12) months from issuance of Disciplinary Action Memo.

Implementing Procedure

1. Any incident involving a perceived violation of the company policies shall be formally endorsed to the HRD as an Incident Report that contains a brief description of the act allegedly committed by an employee. The Incident Report Form (Annex A) will be specifically used for this purpose. Details contained in the form are :

- ✓ Nature of Incident
- ✓ Date/Time Committed
- ✓ Person/s Involved
- ✓ Description of Incident

Ideally, the IRF should be forwarded to the HRD for evaluation and appropriate action within three (3) working days from date of infraction. However, with regard to infractions arising from findings during post activity audit of the Office of the Internal Auditor (OIA), the IRF and supporting documents may be turned over to HRD once these are approved for endorsement by the President, not necessarily within three (3) days from actual infraction.

Any employee, regardless of rank/position or status of employment, may complete and submit an IRF if :

- a. He/She actually witnessed the commission of said infraction;
- b. He/She covers an area of responsibility under which infraction was committed or undertakes a review of activity where a violation was discovered; or

- c. He/She personally received reliable information or similar reports from principals/suppliers/ other business affiliates regarding an infraction committed by any employee. Said reports should be in writing and easily verifiable with the source/s.
2. Once the information in the IRF is checked, the HRD shall issue a Notice to Explain memo to erring employee within three (3) working days upon receipt of the report. The Notice to Explain informs the employee of the alleged violation as identified through the Table of Offenses (Annex B) and gives the employee a chance to explain his/her side through a written response within five (5) calendar days from receipt of memo. Should there be involvement of other employees as identified in the written explanation, they shall likewise be issued a Notice to Explain and given enough time to respond.
3. Upon receipt of the written explanation of employee/s, the HRD shall conduct initial investigation and collect other related information, pertinent documents and material evidences, if any.
4. Facts gathered in the course of investigation shall be compiled to form part of the basis for final assessment. For offenses where the applicable penalty is Reprimand or Warning, the HRD shall undertake final assessment whereas all cases where the applicable penalty to the offense charged ranges from SUSPENSION to DISMISSAL shall be evaluated via an administrative hearing to be conducted by the Discipline Committee (DC). Investigation proper, including the formation of the Discipline Committee and the conduct of the administrative hearing, if necessitated by the case, shall take an approximate of 10 working days or 2 weeks barring unforeseen circumstances that may arise during this phase that may require further investigation/deliberation prolonging the timeline.
5. Once final assessment/administrative hearing is completed and violation to company policies is ascertained, the HRD/Discipline Committee shall finalize the recommendation for disciplinary action within five (5) working days after the overall assessment and endorse the same for approval of the President. For cases that involve monetary concerns, including negligence resulting to damage to/loss of company property or errors involving any form of overpayment to members, recommendations for disallowance or reimbursement of amount in question shall form part of the proposed disciplinary action in addition to the penalty corresponding to the specific infraction.
6. Upon approval of recommendation, the Disciplinary Action Memo shall be drafted, signed and issued to the employee/s within three (3) working days from receipt of approved final decision. Copies shall be forwarded to concerned departments for information, especially in cases involving suspension or dismissal as well as in settling of penalties of monetary nature.

7. All consolidated documentations related to the case shall be filed in employee/s' 201 for reference.

Note : A process flowchart (Annex C) provides a visual representation of above enumerated steps. The timeline for the entire process flow (Annex D) is likewise provided.

Administrative Hearing

1. The Administrative Hearing is a formal investigation conducted to assess infractions that correspond to a penalty of SUSPENSION to DISMISSAL.
2. The Discipline Committee is a panel of case evaluators specifically formed to conduct administrative hearing. The committee shall be composed of three (3) members : the General Manager/COO, as the Chairman, and two (2) managers as members. In the absence or inhibition of the chairman, one of the two members shall sit as chairman while a third member shall be selected to complete the committee.
3. Prior to the hearing, the committee shall be furnished with all pertinent documents and testimonials on the case. Should a need for additional information/documents arise during the course of the hearing, the committee may require concerned persons/departments to provide such.
4. The committee, at its discretion, may require the employee/s who allegedly incurred the infraction, as well as witnesses or other personalities who bear material evidences, to appear before the panel for inquiry. Respondents, in respect of their individual rights, shall be allowed to bring their personal counsel, should they wish to do so.
5. All administrative hearings shall be recorded. Committee members shall be furnished with transcripts of proceedings.

Other Implementing Guidelines

1. All proceedings involving policy violation by employees shall be in compliance with the requirements of law and the Company Code of Discipline.
2. The items defined herein are in anticipation of specific circumstances that may arise throughout the Company's operation. Items other than those incorporated in the Code may be determined from time to time and disseminated in the form of office memoranda, eventually forming part of the Code.

3. The discipline of any employee under these rules shall not be a bar to his prosecution in the proper court of justice if the same act constitutes a violation of the Revised Penal Code or other penal laws. Management reserves its legal right to file administrative, civil and/or criminal action/s against any offender when warranted.
4. The President retains the prerogative, through the recommendation of the HRD/Discipline Committee, to place the erring employee under preventive suspension without pay for a maximum of thirty (30) days while the investigation of a case is ongoing. Reinstatement shall depend on the outcome of investigation. If alleged employee is cleared of infraction, the total salaries due for the duration of the preventive suspension shall be paid back to him/her on top of reinstatement.
5. The above procedure shall be applied in all cases of policy infraction except in the case of offenses involving unauthorized tardiness and undertime where erring employee may be sanctioned outright as evidenced by employee's attendance records.

Rescission

All other previously issued policies, procedures and guidelines contrary to or inconsistent with the above are hereby rescinded and superseded as prescribed in this policy.