

MESSAGE



Dear Fellow Employees,

This is the first time after 36 years that a revision was undertaken to shift the paradigm of discipline to a positive mechanism applicable to today's work and regulatory environment. The original Code was issued on January 13, 1973 and was reissued on January 1, 1976. I have the privilege of presenting to you the updated version of our Company Code on Employee Discipline, which we will now call our Code on Right Employee Conduct (COREC).

Our Company considers correct and proper employee conduct as the basic thrust in achieving our corporate objectives and as a means in the furtherance of good corporate governance and personal development. It likewise encourages adherence to our corporate values, namely:

- 1. Customer Service*
- 2. Performance*
- 3. Accountability and Empowerment*
- 4. Integrity and Transparency*
- 5. Teamwork and Collegiality*
- 6. Malasakit*
- 7. Makabayan*

Innovation and safety, although unwritten, remains as core values that should be inherent in our culture.

Know this book by heart and let it be our guide to proper employee behavior as we continue to move forward for the success of our Company.

A handwritten signature in blue ink, appearing to read 'Reyes', with a stylized flourish underneath.

OSCAR S. REYES
President & CEO

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Guiding Principles	1
Rule 1: Attendance & Punctuality	2
1.A. Excessive Tardiness	
1.B. Simple Absence	
1.C. Multiple Absences	
1.D. Excessive Absences	
1.E. Time In / Time Out	
1.F. Violation of Sick Leave Policy	
Rule 2: Work Performance	4
2.A. Negligence	
2.B. Leaving Work Area	
2.C. Improper Use of Uniform / ID	
2.D. Failure to Disclose Required Information	
2.E. Failure to Report Violations of Company Rules and Policies	
2.F. Gross and Habitual Neglect of Duties	

Rule 3: Employee Behavior

3.A. Fight Instigation	
3.B. Abusive Language or Gross Disrespect	
3.C. False Imputation or Planting Evidence	
3.D. Retaliatory Conduct.....	6
3.E. Sexual Harassment	
3.F. Vandalism, Deliberate Destruction, or Damage of Property	
3.G. Assault	
3.H. Possession or Use of Firearms	
3.I. Unauthorized Drinking of Alcoholic Beverages	
3.J. Participating in any illegal narcotic or drug transaction	
3.K. Smoking	
3.L. Refusal to Submit to Reasonable Inspection	
3.M. Intoxication	8
3.N. Violation of Gift Policy	
3.O. Willful Disobedience	
3.P. Misappropriation of Funds	

3.Q. Pilferage	
3.R. Theft	
3.S. Knowingly Giving False or Misleading Information and/or Concealment of Material Facts	
3.T. Falsification of Company Records and Data Entries	
3.U. Improper Solicitation	
3.V. Commission of a Crime or Offense	
3.W. Other Improper Acts, Conduct or Behavior	
Rule 4: Confidentiality of Work and Information	10
4.A. Unauthorized Access of Information	
4.B. Unauthorized Use of Confidential Information	
4.C. Willful Breach of Trust	
Rule 5: Conflict of Interest	
5.A. Violation of Conflict of Interest Policy	
5.B. Violation of "Black Out Policy"	
Rule 6: Use of Company Property	
6.A. Hitchhiking	
6.B. Transport of Personal Cargo	

6.C. Unauthorized Operation of Company Equipment	12
6.D. Failure to Report Damage to Company Property	
6.E. Unauthorized Sharing of Access Privileges	
6.F. Unauthorized Use of Company Property	
Rule 7: Hiring and/or Assignment of Relatives	
7.A. Prohibited Relationships in the Direct Line of Supervision	
7.B. Maximum Number of Relatives Within the Company	
Rule 8: Voluntary Separation	
General Provisions	14
Glossary	Annex "A"
Table of Penalties	Annex "B"
Penalties for Meter and Seals	Annex "C"

GUIDING PRINCIPLES

This Code shall apply to all employees in the active payroll of the Manila Electric Company.

While we have endeavored to make this Code comprehensive, it cannot cover every situation related to employee conduct. In some cases, we must use our judgment in the appropriateness of its application. You may also consult your Supervisor/Office Manager or the responsible HR office if there are uncertainties.

Our Company is a public utility responsible for vital public interests; therefore, we must observe honesty and good faith in the performance of our duties and in our dealings with the stakeholders of the Company.

This Code basically contains the corrective aspect of an employee's conduct, which is derived from our Corporate Governance Manual and Code of Ethics. It also subsumes and, is in effect, correlated with the Safety Code and the Information Security Code.

The Code on Right Employee Conduct further stresses that our company safeguards confidential information and we are under serious obligation at all times to maintain its sanctity.

In the course of our employment, conflict situations and/or associations should be avoided because the same might impair our ability to perform work in the Company's best interest.

Lastly, but equally important, it shall be the responsibility of Office Managers and Supervisors to disseminate Company policies, procedures, rules and regulations to employees under their supervision.

RULE 1. ATTENDANCE AND PUNCTUALITY:

- A. Tardiness for five (5) times, or an accumulated tardiness of one-hundred (100) minutes, whichever comes first, within any thirty (30)-day period shall constitute excessive tardiness¹ and shall be considered as a single and separate violation. Five (5) minutes at most is allowed as a grace period for latecomers.
- B. Unauthorized and unexcused absence from work for one-half (1/2) day or at most two (2) days shall be considered as simple absence.
- C. In cases where the unauthorized and unexcused absence from work extends for more than two (2) but not more than five (5) consecutive working days, these shall be considered as multiple absences.
- D. Unauthorized and unexcused absences from work that exceed five (5) consecutive working days shall constitute excessive absences.
- E. Failure to time-in and/or time-out in the assigned time capture device two (2) times within a 30-day period.
- F. Non-conformity with the company's sick leave policy, including unjustified refusal to undergo physical examination or diagnostic procedures as required.

SCHEDULE OF PENALTIES
VIOLATIONS WITHIN A 12-MONTH PERIOD

<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Reprimand	3-day suspension	5-day suspension	10-day suspension
Reprimand	5-day suspension	10-day suspension	15 calendar days suspension
5-day suspension	10-day suspension	15 calendar days suspension	Dismissal
		Dismissal	
Reprimand	3-day suspension	5-day suspension	10-day suspension
Reprimand	1-day suspension	3-day suspension	5-day suspension

¹Counted from first tardiness falling within any 30-day period.

RULE 2. WORK PERFORMANCE AND STANDARDS.

- A. Acts or omissions constituting negligence or carelessness causing loss, damage or prejudice to the Company or resulting in death or injury to persons.
- B. Leaving work area, loafing, loitering, sleeping or performing personal matters while on duty.
- C. Failure to wear prescribed uniform and/or to properly display/present company I.D while on duty or within company premises.
- D. Failure to disclose or update company required information² within the prescribe period or within thirty (30) days from effective date of such change or status
- E. Failure on the part of an employee who has knowledge of any violation of this Code and of other Company work rules to take steps to prevent and/or report the same or erroneous/improper application of company rules or policies.
- F. Gross and habitual neglect by the employee of his duties.

RULE 3. EMPLOYEE BEHAVIOR

- A. Engaging another employee or other persons in a fight or prodding or goading another employee or person to engage in a fight during working time and/or within company premises.
- B. Using abusive, threatening or profane language or showing gross disrespect to any person during working time and/or within company premises.
- C. Planting evidence or imputing a false offense or discreditable act against another employee.

²Address, civil status, dependents, etc.

SCHEDULE OF PENALTIES

<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Reprimand to dismissal, depending upon the gravity of the offense. - For damage to property or injury to persons, refer to ANNEX "B". - For meter & meter seals, refer to ANNEX "C".			
Reprimand	1-day Suspension	3-day Suspension	5-day Suspension
Reprimand	1-day Suspension	3-day Suspension	5-day Suspension
Reprimand	1-day Suspension	3-day Suspension	5-day Suspension
Reprimand to dismissal, depending upon the prejudice caused to the company.			
Dismissal			
5-day Suspension	10-day Suspension	15 calendar days Suspension	Dismissal
Reprimand	1-day Suspension	3-day Suspension	5-day Suspension
30 calendar days Suspension or Dismissal depending upon the prejudice caused.			

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
D. Harassing or retaliating against an employee (e.g. a whistle blower, witness and the like).	30 calendar days Suspension	Dismissal		
E. Sexual harassment; immoral conduct during working time and/or within company premises, including exhibition or distribution of pornographic materials.	Suspension or dismissal, depending upon the gravity of the offense.			
F. Vandalism, deliberate destruction ³ or damage to property belonging to another person during working time or on Company premises or of Company property regardless of place or time.	Refer to Annex "B"			
G. Assaulting or intentionally causing, physical injuries to another person over matters related to work.	30 calendar days Suspension to Dismissal, depending upon the gravity of the offense.			
H. Possession or use of firearms, deadly weapons, or hazardous materials within Company premises or during working time, unless authorized in writing by the company.	30 calendar days Suspension	Dismissal		
I. Drinking of alcoholic beverages during working time or on Company premises, except on Company-authorized occasions or areas.	10-day suspension	15 calendar days suspension	Dismissal	
J. Participating in any illegal narcotic or drug transaction such as pushing, possessing, using, or causing to be brought or used, narcotic drugs into Company premises, except when such drugs take the form of medicine prescribed by a physician.	Dismissal			
K. Smoking in non-designated areas.	Reprimand	1-day Suspension	3-day Suspension	5-day Suspension
L. Refusal to submit to reasonable inspection conducted within Company premises by authorized Company personnel.	3-day Suspension	5-day Suspension	15 calendar days Suspension	30 calendar days Suspension

³Includes the intentional introduction of computer viruses and unauthorized deletion/alterations of applicable systems / programs.

- M. Entering company premises or performing work while under the influence of liquor or narcotics.
- N. Violation of the company's Gift Policy.
- O. Willful disobedience by the employee of the lawful orders of his superior in connection with his work.
- P. Misappropriating, or withholding, Company funds.
- Q. Directly or indirectly tampering with electric meters or metering installations of the Company or the installation of any device and other means of pilfering electricity.
- R. Theft of property belonging to another person committed during working time or on company premises, or of company property regardless of place or time.
- S. Knowingly giving false or misleading information/documents or concealing material facts which cause or tend to cause prejudice to the company.
- T. Falsifying timesheets or time records/data; making or allowing erroneous entries of time data; swiping/scanning the identification card (ID) of another. The employee who induced, allowed or benefited from the foregoing act shall suffer the same penalty.
- U. Soliciting or receiving money, gift, share, benefits or favor from any person, or through the mediation of another as a condition for the performance of one's duty or to perform an act prejudicial to the Company
- V. Commission of a crime or offense by the employee against the person of his employer or his duly authorized representatives.
- W. Any improper act, omission, conduct or behavior analogous to the provisions of this rule and prejudicial to the interests of the Company.

<u>First</u> Reprimand	<u>Second</u> 1-day suspension	<u>Third</u> 3-day suspension	<u>Fourth</u> 5-day suspension
Reprimand to dismissal, depending upon the gravity of the offense			
		Dismissal	
		Dismissal	
		Dismissal	
		Dismissal	
		Dismissal	
		Dismissal	
		Dismissal	
Reprimand to dismissal, depending upon the gravity of the offense			

RULE 4. CONFIDENTIALITY OF WORK AND INFORMATION

- A. Hacking or cracking, or unauthorized access, use, removal, publication, concealment, importation, deletion, alteration, copying, reproduction, modification, storage, uploading or downloading documents, information and/or programs which may be prejudicial to the company or otherwise infringes upon intellectual property rights.
- B. Without proper authority, revealing, releasing, transferring or divulging confidential information or data to individuals other than authorized persons.⁴
- C. Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;

RULE 5. CONFLICT OF INTEREST

- A. Violation of the company's Conflict of Interest Policy.
- B. Trading of stocks covered by the Black Out Policy.
(for applicable employees only)

RULE 6. USE OF COMPANY PROPERTY. –

- A. Hitchhiking in Company trucks, pick-ups, vans, jeeps and similar operating vehicles except with the previous authority of the Office Manager to which the vehicle is assigned. In such cases, the employee who allowed such hitchhiking without authority, the employee driver/user and the employee hitchhiker shall all be liable.
- B. Loading and transporting personal effects/cargo in company vehicles without any authority.

First Second Third Fourth

Suspension to dismissal, depending upon the gravity of the offense.

Suspension to dismissal, depending upon the gravity of the offense.

Dismissal

Reprimand to dismissal, depending upon the gravity of the offense.

Reprimand to dismissal, depending upon the gravity of the offense.

1-day Suspension	3-day Suspension	5-day Suspension	15 calendar days Suspension
Reprimand	1-day Suspension	3-day Suspension	5-day Suspension

⁴ "Authorized persons" are those who by virtue of their positions must know of confidential matters, like the officers of the Company, Internal Auditors, and Lawyers of the Company.

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
C. Operating, without previous authority, or tinkering with, Company properties such as motor vehicles, operating machines, computer hardware, communication equipment and special tools or equipment the operation or use of which require specialized skills or training.	3-day Suspension	10-day Suspension	15 calendar days Suspension	Dismissal
D. Failure by the operator, driver or user to report immediately any damage to or defects of Company properties.	Reprimand	3-day Suspension	5-day Suspension	15 calendar days Suspension
E. Sharing of access privileges (e.g. System log-on, log-on user I.D., and the like)	Reprimand to dismissal, depending upon the gravity of the offense.			
F. Unauthorized use, lending or improper care of Company property.	Reprimand to dismissal, depending upon the gravity of the offense			

RULE 7. HIRING AND/OR ASSIGNMENT OF RELATIVES.⁵ –

A. It shall be the responsibility of the Office Manager to ensure that no employee shall be hired or assigned under the direct line of supervision of a relative ⁶ or relationship by reason of wedding, baptismal or sponsorship (i.e. the godparents; goddaughter; godson; or “ <i>kumpare/kumare</i> ”) of the employee or of his spouse or children.	Reprimand	1-day suspension	3-day suspension	5-day suspension
B. No person shall be hired if he/she already has a total of two (2) relatives in the company within the 3 rd civil degree of consanguinity or affinity, including first cousins.	Reprimand	1-day suspension	3-day suspension	5-day suspension

RULE 8. VOLUNTARY SEPARATION. –

Failure on the part of an employee voluntarily separating from the company to serve a 30-day advance written notice and to continue working during the said period.

Dismissal

⁵ For purposes of these rules, relationships of the full or half blood are considered the same. Exceptions to these rules may be authorized by top management (**G1 AND G0**) on a case-to-case basis.

⁶ Up to the 3rd degree of consanguinity or affinity and first cousins.

GENERAL PROVISIONS

- 1) The penalties for repeated violations of the same provision of this Code shall be higher than the penalty for the latest violation. The 12-month limitation period for repeat violations shall only apply to Attendance and Punctuality. For penalties on meters and meter seals, the limitation period shall be five (5) years.
- 2) If at the time of the commission of the latest offense, the employee has been previously penalized for at least two (2) other different provisions of this Code or of other Company policies, the latest offense shall be punishable by the next higher penalty for the said offense.
- 3) Where the fourth violation of the same provision is punishable by a penalty less than dismissal, the fifth and subsequent violations shall be meted out a more drastic penalty including that of dismissal.
- 4) When a single act constitutes two or more offenses under this Code, or when an offense is a necessary means for committing the other, the penalty for the more/most serious offense shall be imposed.
- 5) The proper penalty provided for in this Code shall be implemented as follows:
 - A. Penalties below dismissal shall be recommended by the immediate superior (at least Team Leader level) and approved by the next level Head, with the concurrence of the Area and Group Head.
 - B. The penalty of dismissal shall be recommended by the office manager concerned and elevated up to the Management Disciplinary Committee (MDC).
- 6) All disciplinary actions shall be recorded in the employee's 201 file.

- 7) All Supervisors and Office Managers shall ensure that due process is given to employees charged with an offense.
- 8) Upon the discretion of the Office Manager / Supervising Authority, a verbal warning may be made first before a penalty is imposed for light offenses⁷ and shall not be considered a penalty nor become part of the employee's 201 record.
- 9) The Office Manager may place the employee under preventive suspension pending the result of the investigation if the penalty provided for the offense involves possible dismissal and the employee's continued presence at work poses a serious and imminent threat to the company or to his co-employees.
- 10) The imposable penalty in a particular case may be reduced or increased upon the recommendation of the Office Manager concerned, with the approval of the Group Head.
- 11) An employee under suspension or preventive suspension shall not be allowed to enter company premises and use company facilities during the period covered by the suspension, which includes his rest/off days. The employee may only be allowed to do so for official or business purposes but he shall be escorted by Security.
- 12) Suspension penalties shall be counted as working days unless otherwise specified as calendar days.
- 13) Violation of safety rules, regulations and general safety practices promulgated by the company is basically covered by the Safety Code.

⁷ Light offenses are those that start with a graduated penalty of reprimand.

GLOSSARY

Definitions. - The following words and phrases, as used in this Code, shall have the meaning indicated unless a different one is plainly denoted in the text.

- A. COMPANY means the Manila Electric Company.
- B. COMPANY PREMISES mean all landholdings and buildings, including sub-stations and all other properties used, owned or rented by the Manila Electric Company. It also covers the working area occupied by employees assigned on the field including Company vehicles and places where official company events are being held.
- C. COMPANY PROPERTY - means all things which are used, owned or rented by, or licensed to, the Manila Electric Company, including documents, information, programs or intellectual creations of its employees created during the course of employment as a result of the performance of their assigned duties.
- D. DEADLY WEAPON - Any firearm, whether loaded or unloaded, or any device designed as a weapon and capable of producing death or serious bodily injury, or any other instrument which, in the manner in which it is used or intended to be used, is calculated or likely to produce death or serious bodily injury.
- E. EMPLOYEE means all persons under the employ and in the active payroll of the Manila Electric Company.
- F. FIREARM - includes rifles, muskets, carbines, shotguns, revolvers, pistols and all other deadly weapons from which a bullet, ball, shot, shell or other missile may be discharged by means of gunpowder or other explosives. The term also includes air rifles and air pistols not classified as toys under the provisions of existing laws, rules and regulations.

GLOSSARY

- G. NARCOTICS - mean drugs that produce a condition of insensibility and melancholy dullness of mind with delusions and may be habit forming.

Included in this definition are marijuana, shabu, ecstasy, hashish, codeine, barbiturates, benzodiazepines and their derivatives, and all preparations made from them or any of them. Also included are those classified as "dangerous drugs" which are either "prohibited" or "regulated" within the meaning of prevailing laws.
- H. PORNOGRAPHIC MATERIALS - mean any obscene or licentious film, drawing, cut-out, writing, picture, computer image, graphic, video and audio clips and the like, showing the private parts of the human anatomy.
- I. PROFANE LANGUAGE - means words, phrases, or signs uttered or done with malice, irreverence, or contempt.

ANNEX “B”

TABLE OF PENALTIES

Cost of Damage or Injury	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense	5 th Offense
Below P10,000	Reprimand	3-day Suspension	5-day Suspension	10-day Suspension	20-calendar day Suspension
P10,000 to P50,000	3-day Suspension	5-day Suspension	10-day Suspension	20-calendar day Suspension	Dismissal
Above P50,000 to P100,000	5-day Suspension	10-day Suspension	20-calendar day Suspension	Dismissal	
Above P100,000 to P250,000	10-day Suspension	20 calendar day Suspension	Dismissal		
Above P250,000 to P500,000	20-calendar day suspension	Dismissal			
Above P500,000 or Death	Dismissal				

NOTE: In addition to the penalty herein provided, the employee may be made to pay for the cost incurred in the damaged/lost item or injury, as the case may be.

ANNEX “C”

PENALTIES FOR METERS AND METER SEALS

I. Lost Meter

a. The Table below shows the penalties for lost single-phase meters.

No. of meters	1st Offense (No. of days suspension)	2nd Offense (No. of days suspension)	3rd Offense
1	2	4	Dismissal
2	4	8	Dismissal
3	6	12	Dismissal
4	8	Dismissal	
5	10	Dismissal	
>5	Dismissal		

b. The Table below shows the penalties for lost three-phase meters.

No. of meters	1st Offense (No. of days suspension)	2 nd Offense (No. of days suspension)	3rd Offense
1	6	12	Dismissal
2	12	Dismissal	
>2	Dismissal		

NOTE: See *Application of Penalties* for cases with mitigating or aggravating circumstances.

II. Lost or Unlocked Seals

Count	Seal Penalties (Lost)			
	1st Offense	2nd Offense	3rd Offense	4th Offense
1 to 2	1-day Suspension	3-day Suspension	5-day Suspension	10-day Suspension
3 to 4	3-day Suspension	5-day Suspension	10-day Suspension	Dismissal
5 to 10	5-day Suspension	10-day Suspension	Dismissal	
11 to 24	10-day Suspension	15-day Suspension	Dismissal	
25 and above	15-day Suspension	Dismissal		

NOTE: See *Application of Penalties* for cases with mitigating or aggravating circumstances.

1st Offense	2nd Offense	3rd Offense	4th Offense
Reprimand + Cost of Meter/s	1-day Suspension + Cost of Meter/s	3-day Suspension + Cost of Meter/s	5-day Suspension + Cost of Meter/s

III. Damaged meters

NOTE: See *Application of Penalties* for cases with mitigating or aggravating circumstances.

IV. Mishandling of Seals (also known as “misused seals”)

1st Offense	2nd Offense	3rd Offense	4th Offense
Reprimand	1-day Suspension	3-day Suspension	5-day Suspension

NOTE: See *Application of Penalties* for cases with mitigating or aggravating circumstances.

Application of Penalties

In the presence of mitigating or aggravating factors after due investigation, the penalties for lost meters, lost or unlocked seals, damaged meters, and mishandled seals may be reduced or increased depending upon the recommendation of the BRU Head with the approval of Management.

A case committed in bad faith or with intent of deceit shall be penalized under Rule 3P (Employee Behavior) of the Company Code on Right Employee Conduct. This may be considered as another offense in addition to the case of lost meters, lost or unlocked seals, damaged meters, and mishandled seals. In such event, penalty for the more serious offense shall apply.

The penalties for successive violations are progressively more severe than the penalty for a first violation. However, the definition of “cumulative” violations for lost meters and lost or unlocked seals is subject to a 5-year limitation period; any repeat violation after this period shall be considered as a first offense.

Mitigating factors

This may include but not limited to the following circumstances:

- Abnormal work load at time of loss – the employee was abnormally burdened at the time of the loss
- Forced to use unsecured vehicle
- During calamities and emergencies (floods, fires, earthquakes, etc.) where standard procedures are waived.
- Under physical threat
- Member of the crew was assigned another task by the Leadman / Supervisor that would render him incapable of protecting the meters under the crew's custody

Aggravating factors

This may include but not limited to the following circumstances:

- Concealment of the loss
- Combination of losses e.g. meter loss combined with seal loss
- Dishonesty

UNDERTAKING

I have received a copy of the Code on Right Employee Conduct (COREC) and it is my responsibility as an employee to read and understand its provisions.

___ Day of ___, 201__.

PRINTED NAME & SIGNATURE

NOTES

[illegible]

