

**LIGHTHOUSE SOFTWARE CEBU INC.**  
**CODE OF CONDUCT**

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**POLICY STATEMENT**

This company believes that a well-disciplined workforce contributes to a harmonious and productive work environment. The necessity of establishing a Company Code of Conduct is consistent with Corporate vision and mission and is meant to protect the interest of the company and its employees from actions and decisions that can be deemed to have been unjust and unreasonable. These are established for the proper conduct of all and to make sure that a clear standard/basis for discipline and due process are in place.

It is the policy of this company to process workplace disciplinary matters in a manner which ensures fairness in the treatment of individuals at all levels in the company and protection of company assets.

**SCOPE**

This system of employee discipline is applicable to all LSCI employees: while they are inside company premises on duty or off-duty; while they are outside company premises on duty or while attending company organized or related activities; while they are outside company premises off-duty, provided, that the incident is work-related, or even if not work-related, the same results to damage or prejudice to the company

**RESPONSIBILITY**

It is the primary responsibility of HRD and Department Managers to ensure this policy is properly disseminated, clearly understood and consistently implemented throughout the organization.

Management personnel have a definite, but complex obligation to exercise their interpersonal skills in a fair, equitable and consistent manner. In their authority to discipline, Department Managers must consider carefully disciplinary action taken especially on termination.

The Human Resource Manager must be available for advice, guidance and to assist with strategic planning of remedial action.

The effective management of attendance, disciplinary (performance and behavior) and termination matters is a performance measurement factor on which management personnel are appraised. They have the primary responsibility to understand the policies and procedures relating to "how, when and why" of workplace disciplinary action and to discharge the company's disciplinary policy and procedures to the employees under their jurisdiction.

It is the primary responsibility of Human Resource Department to ensure that the requisite due process requirements and appropriate procedures (including but not limited to the proper documentation of the administrative case and proceedings) are complied with before any disciplinary action is meted out.

## **OBJECTIVES OF DISCIPLINARY ACTION**

Disciplinary action measures generally are imposed to correct, reform or rehabilitate the employee and to maintain a general standard of discipline in the company.

Disciplinary action as a general rule shall be progressively applied depending upon the seriousness of the offense and the entire record of the employee's performance.

## **TYPES OF DISCIPLINARY ACTION**

Depending on the history, circumstances and gravity of the offense/situation, progressive disciplinary action may be applied in the following form/types of disciplinary action:

Corrective Counselling - this refers to the formal discussion of the supervisor with the employee concerned. The discussion would focus on getting the facts of the violation and the reason for the violation. Proper counseling which is done in private thereafter takes place after all the facts and issues are discussed openly. The discussion and counseling should be documented properly.

Written Warning - a written warning is given when corrective counseling fails. This will warn the employee in writing that repetition of the same offense will result in a heavier penalty such as suspension or dismissal. Supporting documents or report of the violators must be attached to the disciplinary action form as documentation of the discussion of violation.

Suspension - this is compulsory and temporary absence from work on a no-pay status. Implementing suspension as a disciplinary action should be done after thorough evaluation of the full merits of the case is done. A suspension can be from 1 day up to a maximum of 30 days, depending on the gravity of the offense.

Dismissal - this is the most serious form of employee discipline, which only becomes necessary when all attempts to correct the misdemeanor have failed, except, in cases where dismissal is resorted to specifically, as per Code of Conduct. This must be resorted to only after thorough and factual investigation have been done, in consultation with the HR Manager and European management. The following are examples of violations that is sanctionable to immediate dismissal or termination from work : Theft of company property or intellectual property, sexual harassment and other violations which can be criminal in nature.

Progressive discipline, however, does not apply to grave offenses for which the employee may be discharged immediately. As a further action, the Company may institute the necessary civil and/or criminal case against the employee.

## **PRESCRIPTIVE PERIOD**

Except as otherwise qualified or provided for herein in any other policy or regulation, disciplinary actions shall have a prescriptive period or shall be written off after the lapse of:

Six (6) months – for penalties from corrective to written warning  
One (1) year – for suspension

The prescriptive period shall be reckoned from the date the offense is discovered by or made known to the Human Resources Department.

Notwithstanding the foregoing provisions, however, all past offenses of the associate concerned shall be taken into consideration and shall not be deemed as written off for the purpose of determining the appropriate penalty and may be used as basis to determine if he or she is no longer fit to remain in employment and should be dismissed.

**IMPOSITION OF PENALTY**

The Company reserves the right to impose the greater or lesser penalty depending on the extent of the damage and the nature and gravity of the violation. Provided however, that the imposition of a lesser penalty shall not be deemed a waiver of the authority of the Company to impose the proper higher penalty, should the employee commit the same offense.

In the event that an act constitutes or results to more than one (1) violation, these offenses shall be charged to the employee and the offense with the heaviest penalty will be applied.

Any act of offense not particularly categorized in the Code of Conduct, shall be dealt with in manner most analogous to those so defined or categorized, or in the manner allowed by the Labor Code, or existing jurisprudence for similar acts of offenses that have potential damage to people and property.

**TABLE OF OFFENSES AND DISCIPLINARY ACTIONS**

This system seeks to codify all existing rules and policies on employee discipline. The Company may from time to time, issue rules and policies which may supplement, amend, revoke or annul any particular provision of this System, which however, shall have no retroactive effect unless such new rule or policy is favorable to the employee. The Company, whenever necessary, may promulgate such other policies, rules and regulations relative to discipline which shall be deemed automatically incorporated in this Code.

**COMPLIANCE WITH LABOR CODE AND JURISPRUDENCE**

All action especially those concerning suspension and dismissal will have to comply with the provisions of the Labor Code.

Offenses not included or defined in this Code shall be treated on a case to case basis, conformably with existing labor laws and jurisprudence applicable thereto.

**DUE PROCESS PROCEDURE IN THE IMPLEMENTATION OF DISCIPLINARY ACTION**

The following guidelines shall be observed by the Company in the implementation of disciplinary action under this Code:

- 1. A written notice shall be served by the Company to the employee and shall specify therein the specific provision/s of the Code violated, the date, time and manner of violation, if readily ascertained, and shall require the employee to explain and/or show cause why no disciplinary action shall be taken against him/her;
- 2. The employee shall be given forty eight (48) hours or such number of hours as may be reasonable, to submit his/her written explanation to the first written notice. Upon receipt of the written explanation, the Company shall determine whether or not the explanation is satisfactory. The failure of the employee to submit his written explanation within the prescribed period shall be considered a waiver of his/her right to answer the charges against him/her.
- 3. If the written explanation is not satisfactory, the Company shall make its decision in writing, making a brief finding therein and shall serve a copy thereof to the employee.

4. Where the penalty is termination/dismissal, the Company shall conduct a formal investigation by sending a written notice of investigation to the employee specifying the date, place and time of investigation, and shall further require his presence thereat, with the assistance of his representative or counsel, if he/she so desires. The failure of the employee to attend this investigation without justifiable excuse shall be considered a waiver of his/her right to adduce evidence in his/her defense.
5. The Company shall conduct the investigation and shall give the employee ample opportunity to be heard and adduce his/her defense, if any, to the charges leveled against him/her. The Company shall have the sole discretion to terminate the formal investigation.
6. After the termination of the formal investigation, the Company shall assess and evaluate the evidence and determine whether or not the employee is guilty thereof, and to impose therein the appropriate penalty/ies. The decision of the Company shall be in writing and shall be served to the employee concerned.
7. The written notices/decisions shall be served to the employee personally, if present, or if not possible, by sending the same at the last known address of the employee as indicated in the latter's employment records.
8. In the actual imposition of penalty/ies, the Company shall consider such factors as may be reasonable such as previous infraction, first offense, length of service, etc.
9. An employee may be placed under preventive suspension when the continued employment of the employee poses a serious and imminent threat to the life or property of the employer or of his co-employees. No preventive suspension shall last longer than 30 days. The Company shall thereafter reinstate the employee to his former or in a substantially equivalent position or the employer may extend the period of suspension provided during the period of extension, he pays the wages and other benefits due to the employee. In such case, the employee shall not be bound to reimburse the amount paid to him/her during the extension if the Company decided after completion of the investigation, to dismiss the employee.
10. If the termination of employment is brought about by the failure of a probationary employee to meet the standards for regularization set by the Company, it shall be sufficient that a written notice of such termination is served to the employee within a reasonable time (15 to 30 days) prior to the effective date of termination.

## DEFINITION OF TERMS

As used in this Code, the following terms are understood to be as follows:

**Abandonment** of work means deliberate, unjustified refusal of an employee to resume his/her employment; failure to report for work or absence without valid or justifiable reason and clear intention to sever the employer-employee relationship.

**Absence without Official Leave (AWOL)** means unauthorized or unexcused absence. It includes (a) failure of employee to report for work on any working day without prior approval of his Manager; (b) failure to return to work after expiration of authorized leave of absence; (c) failure to submit the prescribed application form on absence/emergency/sick leave to the Manager; (d) misrepresentation of the reason for the absence; (e) where the Manager has determined that the reason for the leave is insufficient or baseless, and (f) other analogous cases. It is understood that unauthorized or unexcused

absences cannot be applied against any unused leave and is automatically deducted from the employee's pay. This is apart from the imposition of disciplinary action on the employee.

**Conflict of interest** means using one's power, authority, or position in any contract or transaction whether official or not, which is prejudicial or damaging to the business interest of the company. It includes, but is not limited to, a situation where: (a) an employee, while still employed, is engaged in any other business whose nature of industry is the same as the Company; (b) working for a competitor without the approval of management; (c) outside work unrelated to the Company or active business relationship, other than employment, with a customer, supplier or another person without the approval of the Company and adversely affecting his/her work; (d) financial interests in other companies with the same or similar business as the Company including failure to disclose any such investment.

**Falsification** refers to counterfeiting or imitating any handwriting, or signature; making untruthful statements in a narration of facts; altering true dates; intercalating any instrument; making any alteration or intercalation in a genuine document which changes its meaning; causing it to appear that persons have participated in any act or proceeding when they did not in fact so participate, or attributing to persons who have participated in an act or proceeding statements other than those in fact made by them.

**False testimony** refers to knowingly making untruthful statements, or making any falsehoods.

**Gross** means grave or flagrant.

**Gross Negligence** means any action or lack of action resulting in injury to person or grave loss or damage to property.

**Habitual** refers to repetition of similar acts.

**Immorality** refers to any illicit amorous relationship between two married individuals; public performance of adulterous, scandalous or lascivious acts; grossly indecent or immoral act or behavior between the same or opposite sexes.

**Misappropriation** means to embezzle; to appropriate wrongly or misapply in use; appropriate dishonestly for one's use; includes failure to immediately account or remit company funds or collections. It also connotes an act of using or disposing of another's property as if it were one's own.

**Misrepresentation** means representation by words or other means that under the existing circumstances, amounts to an assertion not in accordance with the facts.

**Mulcting** refers to extraction especially of money. It includes accepting bribe, commission, gifts etc., from any person, in whatever form, whether or not in connection with the employee's job, work or assignment; pocketing money as "kickback" for himself or for another person; directly or indirectly requesting, or receiving any consideration, share, percentage or commission for himself or for another person in connection with the performance of his duties; using one's employment to ask personal favors from vendors, suppliers, customers, or any other person; offering or accepting anything in exchange for a job, work, assignment, work location or favorable condition of employment; and using one's rank or position to ask personal favors from fellow employees.

**Neglect of duty** means failing to attend sufficiently or properly to one's duty; carelessly omitting doing something that should be done either altogether or almost altogether; leaving something undone or unattended to, through carelessness or inattention.

**Sabotage** means any willful act that causes or tends to cause (a) damage to company property, (b) injury or serious inconvenience to persons or (c) prejudice to production or business interruption.

**Simple Negligence** means the lack of precaution displayed in those cases in which impending damage to be caused is not immediate nor the danger clearly manifest.

**Tardiness** - when an employee reports for work or badges in one minute after his/her scheduled working time, on any working day

**Unreasonable behavior and/or unpleasant deportment** means any behavior or conduct of an officer or employee that is unreasonable or unpleasant committed against any fellow officer or employee, by and through whatever means committed, which adversely affects the normal and harmonious relationship of employees in the workplace.

**Usurpation of authority** means using or employing the authority of another person, or discharging the duty of another person without authority.

**Willful Breach of trust** is when the breach is done intentionally, knowingly and purposely without justifiable excuse. Ordinary Breach of Trust is when the breach is not willful but done carelessly, thoughtlessly, heedlessly or inadvertently.

**Willfulness** is one that is characterized by an intentional wrongful and perverse mental attitude.

**CATEGORIES OF OFFENSES**

A

- 1<sup>st</sup> offense - Corrective Counseling
- 2<sup>nd</sup> Offense - Written Warning
- 3<sup>rd</sup> Offense - 1-4 days suspension
- 4<sup>th</sup> Offense - 5-30 days suspension
- 5<sup>th</sup> offense - Dismissal

B

- 1<sup>st</sup> Offense - Written Warning
- 2<sup>nd</sup> Offense - 1-4 days suspension
- 3<sup>rd</sup> Offense - 5-30 days suspension
- 4<sup>th</sup> Offense - Dismissal

C

- 1<sup>st</sup> Offense - 5 days suspension
- 2<sup>nd</sup> Offense - 15 days suspension
- 3<sup>rd</sup> Offense - Dismissal

D

- 1<sup>st</sup> offense - 5-30 days suspension
- 2nd offense - Dismissal

E

- 1<sup>st</sup> offense - 5-30 days suspension to Dismissal, depending on the gravity of the offense
- 2<sup>nd</sup> offense - Dismissal

## F

|                          |  |
|--------------------------|--|
| 1 <sup>st</sup> offense- | Liability the same as that imposed on offender |
| 2 <sup>nd</sup> offense- | Dismissal                                      |

## G

|                         |   |   |
|-------------------------|---|---|
| 1 <sup>st</sup> offense | - | Written Warning                                       |
| 2 <sup>nd</sup> offense | - | suspension equivalent to no. of days absent           |
| 3 <sup>rd</sup> offense | - | suspension equivalent to twice the no. of days absent |
| 4 <sup>th</sup> offense | - | Dismissal   |

## H

|                             |   |                       |
|-----------------------------|---|-----------------------|
| 6 <sup>th</sup> incidence   | - | Corrective Counseling |
| 7 <sup>th</sup> incidence   | - | Written Warning       |
| 8 <sup>th</sup> incidence-  |   | 1 day suspension      |
| 9 <sup>th</sup> incidence-  |   | 3 days suspension     |
| 10 <sup>th</sup> incidence- |   | 5 days suspension     |
| 11 <sup>th</sup> incidence- |   | 10 days suspension    |
| 12 <sup>th</sup> incidence- |   | 15 days suspension    |
| 13 <sup>th</sup> incidence- |   | 30 days suspension    |
| 14 <sup>th</sup> incidence- |   | Dismissal             |

## I

|                         |   |   |
|-------------------------|---|---|
| 1 <sup>st</sup> Offense | - | Written Warning                                 |
| 2 <sup>nd</sup> Offense | - | Suspension for the same number of days absent   |
| 3 <sup>rd</sup> Offense | - | Suspension for twice the number of days absent  |
| 4 <sup>th</sup> Offense | - | Suspension for thrice the number of days absent |
| 5 <sup>th</sup> Offense | - | Dismissal                                       |

## J

|                         |   |           |
|-------------------------|---|-----------|
| 1 <sup>st</sup> offense | - | Dismissal |
|-------------------------|---|-----------|

## **LIST OF OFFENSES**

### **I. Misconduct**

1. Discrimination
2. Moral Conduct
- 3. Sexual Harassment**
4. Violation of Employee Privacy
5. Personal Conduct/Work Ethics
- 6. Sabotage**
7. Use and Handling of Company Property and I.T. Resources
8. Gambling/Betting
9. Intoxication and/or use/possession of dangerous/prohibited drugs
- 10. Violence, Threats, Intimidation**
11. Workplace Safety & Security

- 12. Abuse of Authority/Employment
- 13. Personal Business/Conflict of Interest

II. Disobedience

- 1. Insubordination
- 2. Wearing of Company ID
- 3. Medical & Health Rules

III. Neglect of Duty

- 1. Tardiness
- 2. Absence Without Official Leave
- 3. Absence Without Official Leave for 5 consecutive days
- 4. Abandonment of Work
- 5. Use of ID cards/attendance records
- 6. Abuse of company time
- 7. Negligence
- 8. Negligence in use of company property
- 9. Workplace Safety and Security
- 10. Other forms of negligence

IV. Dishonesty/Fraud/Breach of Trust

- 1. Use of ID cards and attendance records
- 2. Fraud/Dishonesty
- 3. Use/Handling of Property

V. Commission of a Crime/Offense

14.0 TABLE OF OFFENSES AND PENALTIES

| Art. No. | Sec. No. | Description of Offense   | Cate-gory |  |
|----------|----------|--|-----------|--|
| I        |          | <b>MISCONDUCT</b>  |           |  |
|          | 1        | <b>Discrimination</b>  |           |  |
|          | 1(a)     | Discrimination or harassment with regard to race, color, age, gender, sexual orientation, gender identity, religion, national origin, disability, veteran status, or any other characteristic or factor protected by applicable law, in any employment related activities such as, but not limited to, recruitment, hiring, discipline, benefits and promotion, ,off-site meetings, training events, team building activities, company social functions and customer or supplier entertainment activities or events. | B         |  |
|          | 1(b)     | Using vulgar and/or offensive language (verbal or non-verbal) or discrimination or any form of harassment directed towards an individual or group with regard to race, color, age, gender, sexual orientation, gender identity, religion, national origin, disability, veteran status, or any other characteristic or factor protected by applicable law, inside company premises or outside company premises during company activities or events.   | B         |  |
|          | 2        | <b>Moral Conduct</b>   |           |  |



|  |      |   |        |  |
|--|------|---|--------|--|
|  | 2(a) | Any immoral, scandalous, or indecent act or conduct howsoever committed within company premises or outside company premises during company activities or events.  | E      |  |
|  | 2(b) | Verbal or written comments or physical actions that are sexually suggestive in nature, including overt displays of affection or familiarity; viewing, distributing or displaying any sexually explicit or suggestive material that are generally considered offensive and degrading to the moral standards of the community, whether in printed or electronic form.   | D      |  |
|  | 2(c) | Uttering or writing vulgar, profane, obscene language, quarrelling with the use of disrespectful, abusive or offensive language against another employee, company official, contractors or visitors inside company premises or outside company premises during company events.  | C      |  |
|  | 3    | <b>Sexual Harassment</b>  |        |  |
|  | 3(a) | Asking, suggesting, requesting or demanding a sexual favor as a condition in the hiring or in the employment, re-employment or continued employment of another individual, or in granting favorable compensation, terms, conditions, promotions, privileges or other work related opportunities.  | J      |  |
|  | 3(b) | Discriminating, depriving or diminishing employment opportunities to an individual; or impairing an employee's rights or privileges or creating a hostile, intimidating or offensive environment for an employee, on account of such individual's or employee's refusal to grant sexual favors to the offender.   | J      |  |
|  | 3(c) | Directing or inducing another to commit any act of sexual harassment or cooperating in the commission thereof by another, without which it would not have been committed.   | J      |  |
|  | 3(d) | Failure on the part of a superior, manager or officer to take proper and immediate action when informed by the offended party of acts of sexual harassment.   | D      |  |
|  | 4    | <b>Violation of Employee Privacy</b>  |        |  |
|  | 4(a) | Unauthorized disclosure of employee's personal data, including medical and benefit information.   | B      |  |
|  | 5    | <b>Personal Conduct/Work Ethics</b>   |        |  |
|  | 5(a) | Horseplay, unruly conduct, rude pranks, petty annoyances such as loud talking, shouting, noise barrage and the like that would cause disturbance, disruption or delay of work; analogous cases.   | B      |  |
|  | 5(b) | Unduly disturbing or interfering with the work of another employee or causing disorder in the work area or anywhere inside company premises.  | B      |  |
|  | 5(c) | <p>Prying into or meddling with the private lives of co-employees, superiors or officers, or causing intrigue among officers or employees, or rumor-mongering, in the workplace.</p> <p>C.1 If the act does not cause disruption of work <b>and</b> the subject of the rumor/prying/meddling or intrigue does not complain.</p> <p>C.2 If the act causes serious disruption of work <b>or</b> the subject of the rumor/prying/meddling or intrigue complains.</p> | A<br>B |  |

|  |      |   |            |  |
|--|------|---|------------|--|
|  |      |   |            |  |
|  | 5(d) | Unreasonable behavior or unpleasant deportment in dealing with officers, superiors or co-employees.   | B          |  |
|  | 5(e) | Lack of cooperation and/or interest in one's job, work or assignment when adversely affecting work productivity or results.   | B          |  |
|  | 5(f) | Engaging in political activities inside the company premises, such as, but not limited to, excessive political discussions during working hours, distributing any political materials inside the company such as leaflets, sample ballots and other related materials, campaigning for political candidates, soliciting support or endorsement of political candidates, causes or ideologies. | B          |  |
|  | 5(g) | Circulating or attempting to circulate non-work related resolutions, petitions, memorandum or soliciting support and signatures inside company premises without written authorization.  | B          |  |
|  | 5(h) | Offensive or abusive language, remarks, jokes or conduct which encourage or permit an offensive work environment, or diminish the worth of another person.  | B          |  |
|  | 5(i) | Use of disrespectful, foul, obscene, insolent or abusive language, gestures, signs or actions directed against the company or its representative, any superior or company officer.<br><br>(i.1) in the course of, or as a consequence of, due to or arising from work related causes, within or outside company premises.<br><br>(i.2) not due to work-related causes.                        | D<br><br>C |  |
|  | 5(j) | Initiating, instigating, leading, participating, or actively sympathizing with activities resulting to the unlawful interruption, disruption or stoppage of work or output.   | E          |  |
|  | 5(k) | Taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or other unfair-dealing practices, in a sales or service activity.  | B          |  |
|  | 5(l) | Allowing, inducing, permitting, conspiring with or aiding an employee to commit violations against any Company rules and regulations.   | F          |  |
|  | 6    | <b>Sabotage</b>   |            |  |
|  | 6(a) | Deliberately losing, altering, damaging, destroying, rendering inoperative or wasting any mechanical, electronic, or electrical devices, equipment, facilities, tools or any company property, facility, records or equipment, whether the act be attempted, frustrated or consummated.   | J          |  |
|  | 6(b) | Deliberately losing, altering, damaging, destroying, wasting company data, records or information of whatever kind and nature, whether the act be attempted, frustrated or consummated.   | J          |  |
|  | 6(c) | Unauthorized use, possession, disclosure, reproduction, access, handling, publication or destruction of restricted or confidential company information, documents, data, records, or materials of whatever kind and nature, including unannounced products.   | E          |  |

|  |      |   |        |  |
|--|------|---|--------|--|
|  | 6(d) | Committing or conspiracy to commit subversive acts against the company or its duly authorized representatives, or committing or conspiracy to commit acts inimical to the interest of the company.  | J      |  |
|  | 7    | <b>Use and Handling of Company Property and I.T. Resources</b>  |        |  |
|  | 7(a) | <p>Unauthorized use of the company name, logo, symbols, management, or officers of the company.</p> <p>(a.1) when such use is done for personal gain, or by misrepresentation, or results in damage or prejudice to the company.</p> <p>(a.2) when none of the elements of personal gain, misrepresentation or resulting damage or prejudice to the company is present.</p>   | E<br>C |  |
|  | 7(b) | Unauthorized use of company space, office, rooms, premises or any company property for personal or non-work related purposes, except for very limited and reasonable use for personal matters.  | B      |  |
|  | 7(c) | Installing and/or use of software not licensed to LSCI on company computers or equipment, except when authorized by management; Installing and/or use of unlicensed software on computers or equipment; Installing and/or use of software that jeopardizes the security or stability of the network; Installing licensed software on non-LSCI computer systems, unless authorized by management and the terms of the license agreement; Downloading or copying any part of a software program for any reason, including development work, unless LSCI has obtained the rights to do so. | E      |  |
|  | 7(d) | Deliberately sending, storing, downloading, forwarding or disseminating destructive programs such as computer virus and/or self replicating programs, or Trojan Horses or Cracking Tools, etc.  | D      |  |
|  | 7(e) | Bringing of official disks and other similar storage media containing company private or confidential information outside company premises without proper authority.  | D      |  |
|  | 7(f) | Bringing inside company premises, disks and other similar storage media without proper authority.   | B      |  |
|  | 7(g) | Unauthorized/improper use of company software/computers/terminals and/or removing any parts/items of the computer unit/system.  | E      |  |
|  | 7(h) | Unauthorized use and/or possession of another employee's tools, manual, company-provided PC or property without the knowledge and consent of the latter, when the same does not constitute theft or any other offense.  | B      |  |
|  | 7(i) | <p>Unauthorized downloading or transmitting of information, data or materials from the company's IT Resources for personal or non-work related purposes, when the same does not constitute sabotage or disclosure of confidential/restricted company information.</p> <p>(i.1) when such use is done for personal gain, or by stealth or misrepresentation, or results in damage to the company.</p> <p>(i.2) when none of the elements of personal gain, stealth or</p>  | D      |  |

|  |      |   |   |  |
|--|------|---|---|--|
|  |      | misrepresentation or resulting damage to the company is present.  | B |  |
|  | 7(j) | Use of the company’s IT Resources for non-work related purposes, including but not limited to sending, forwarding, storing, displaying, or creating fraudulent, harassing, embarrassing, pornographic, sexually explicit, profane, obscene, offensive, intimidating, defamatory, unlawful or criminal message or material, by e-mail or other form of electronic communications, including bulletin board systems, newsgroups, chatroom and the like. | D |  |
|  | 7(k) | Accessing, storing, downloading, creating or communicating anything inappropriate for a professional business environment including, but not limited to, information items or internet sites of a harassing, discriminatory, illegal or sexually explicit nature or sites that involve gambling or criminality or otherwise violate LSCI policy.  | D |  |
|  | 7(l) | Intentional visits to web sites that contain any of the following: pornographic or sexually oriented materials, inciting to insurgency and/or criminality, promotes unethical activities.   | D |  |
|  | 7(m) | Unauthorized access and/or excessive visits and/or downloading of non-work related internet sites and other similar resources.  | B |  |
|  | 7(n) | Disseminating, creating, sending, forwarding and storing commercial or personal advertisements, solicitations, promotions, mass mailings, chain letters or other non-work related materials by e-mail using LSCI computer resources, or otherwise creating unnecessary network traffic.   | B |  |
|  | 7(o) | Acquisition, possession, trade, bringing in, storing, downloading or use of hardware or software tools that are specifically designed to access, evaluate, damage or compromise IT security, unless specifically authorized by the employer.  | D |  |
|  | 7(p) | Any activity that is meant to curtail or circumvent existing IS installed devices, securities and/or policies.  | E |  |
|  | 7(q) | Any act of vandalism.   | E | With salary deduction for cost of replacement or restoration of the property |
|  | 7(r) | Defacing, altering, removing or tearing down any notice, signs, labels, or memorandum on bulletin boards or any viewing area as designated by management.   | B |  |
|  | 8    | <b>Gambling</b>   |   |  |
|  | 8(a) | Gambling or betting, engaging in a game of chance or lottery, or soliciting/facilitating bets within company premises.  | B |  |
|  | 9    | <b>Intoxication and/or Use/Possession of Dangerous/Prohibited Drugs</b>   |   |  |
|  | 9(a) | Use, possession, manufacture, distribution, bringing in or sale of drugs or other controlled substances (except where use is authorized by appropriate medical authority to treat a bona-fide medical condition of the person in possession of them) or of any alcoholic or intoxicating beverages (except where authorized by management) inside company premises or to any company event or activity outside the company.                           | E |  |

|  |       |  |   |  |
|--|-------|--|---|--|
|  | 9(b)  | Reporting to work under the influence of dangerous or prohibited drugs, or of liquor or any dangerous/prohibited/controlled/intoxicating substances.   | D |  |
|  | 9(c)  | Illegal possession and/or use of and/or attempting to bring or bringing into company premises, any narcotics or dangerous drugs.   | J |  |
|  | 9(d)  | Found positive of use, or abuse of dangerous/prohibited drugs.   | J |  |
|  | 10    | <b>Violence, Threats, Intimidation</b>   |   |  |
|  | 10(a) | Violent behavior, or the threat of violent behavior, even if made in jest.   | J |  |
|  | 10(b) | Provoking or instigating a fight or fighting inside company premises; inflicting or attempting to inflict injury to a fellow employee, visitor or other persons within company premises.   | J |  |
|  | 10(c) | Threatening, coercing or intimidating whether verbally or non-verbally, directly or indirectly, the employer, its duly authorized representative, officer, superior, fellow employee, members of the latter's family or, visitors.                       | J |  |
|  | 10(d) | Willfully inflicting injury to a superior or co-employee within or outside company premises, if a result or by reason of work-related disagreements or arguments, or similar cases.  | J |  |
|  | 10(e) | Connivance in any form or inducing family members or other persons or other persons to harass/threaten/intimidate superiors, fellow associates or any officer of the company, if work-connected.   | J |  |
|  | 11    | <b>Workplace Safety and Security</b>   |   |  |
|  | 11(a) | Bringing or attempting to bring, carrying, sporting, display, use or possession of dangerous or deadly weapons, firearms, explosives or ammunitions into or within company premises, or outside of company premises during company events or activities. | J |  |
|  | 11(b) | Throwing flammable materials, chemicals, liquids, or lighted cigarettes/cigars into garbage cans or waste receptacles, or other places not designated for their disposal or storage, exposing company property to fire.                                  | J |  |
|  | 11(c) | Smoking unless in designated areas.  | B |  |
|  | 11(d) | Tampering with firefighting tools or equipment or alarm or other safety or security devices.   | E |  |
|  | 11(e) | Unauthorized use of fire protection equipment on non emergency situations.   | E |  |
|  | 11(f) | Forcibly or deceptively entering identified restricted areas without prior permission or authority from management.  | J |  |
|  | 11(g) | Assisting or inducing any non-employee or non-authorized personnel to enter restricted areas within company premises without proper authorization.   | E |  |
|  | 11(h) | Entering the company premises when under suspension, without proper authorization from management.   | B |  |
|  | 11(i) | Violation of any other safety/health regulations.  | B |  |

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|  | 11(j) | Violation of any other housekeeping/sanitation rules and regulations   | B |  |
|  | 11(k) | Failing or neglecting to immediately report to the proper officers or authorities, any situation or incident that could lead to the loss, misuse or theft of any company asset or property.  | D |  |
|  | 12    | <b>Abuse of Authority/Employment</b>   |   |  |
|  | 12(a) | Requiring personal or non-work related service or favor, or soliciting business from subordinate with inadequate or no compensation; analogous cases.  | J |  |
|  | 12(b) | Usurping the authority of a superior or another employee, or unauthorized use of another's name in a transaction or business for influence, gain or profit; analogous cases  | J |  |
|  | 12(c) | Using one's position, employment, knowledge, skill, office or influence to bribe or accept a bribe.  | J |  |
|  | 12(d) | Using one's position, employment, knowledge, skill, office or influence to ask for or receive loans, gifts or favors from vendors, suppliers or customers of the company.  | J |  |
|  |       |  |   |  |
|  | 13    | <b>Personal Business/Conflict of Interest/Disloyalty</b>   |   |  |
|  | 13(a) | Engaging, performing, inducing, assisting or cooperating in any activity or business which will conflict with the interests, products or services of LSCI and its affiliated companies, unless with prior clearance and permission from the employer.  | E |  |
|  | 13(b) | Taking on/engaging/performing another job/ business or other activities outside LSCI that affects one's employment or position, without seeking clearance and/or asking permission from immediate superior, whether or not such job, business or activity is directly in conflict with the current job of the employee or the nature of LSCI business.   | B |  |
|  | 13(c) | Undertaking, representing, working for in any capacity, for a supplier of LSCI, without prior written approval from Human Resources Department.  | D |  |
|  | 13(d) | Accepting or soliciting money, gifts, gratuities, favors, benefits or any item of value, from a supplier or vendor of LSCI, whether or not the gift, favor or benefit is accepted or solicited by the employee or any member of the latter's family. Gifts of nominal value (less than US\$25, or its Philippine peso equivalent) or gifts accepted to avoid offending cultural values of the vendor or customer, may be allowed upon prior review and approval of Human Resources Department. | E |  |
|  | 13(e) | Granting, endorsing, or encouraging undue personal favors, especially in matters of awarding contracts, business, hiring and similar activities; Exerting or attempting to exert influence in any way to obtain special treatment on behalf of a supplier, friends, relatives, with activities in relation to awarding of contracts, business, hiring and other similar activities.  | E |  |
|  | 13(f) | Accepting or soliciting commission or payments of any kind.  | J |  |
|  | 13(g) | Unauthorized referral of customers to third-party vendors such as LSCI authorized remarketers, third party software organizations or financing organizations, etc.; Accepting fees, commissions, or other compensation for the referral, except when the same came from  | B |  |

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|     |       | LSCI.  |   |                       |
|     | 13(h) | Having financial interest in any organization that does business with or competes with LSCI if that interest might cause conflict of interest, or the perception of a conflict of interest with LSCI. Such organization includes, but is not limited to, suppliers, competitors, customers, distributors or organizations that remarket LSCI products or services. | E |                       |
|     |       |  |   |                       |
| II  |       | <b>DISOBEDIENCE</b>  |   |                       |
|     | 1     | <b>Insubordination</b>   |   |                       |
|     | 1(a)  | Willful disobedience of a lawful and reasonable order or instruction in connection with employee's duties and responsibilities.  | B |                       |
|     | 1(b)  | Insolence, disrespect towards any supervisor, superior or company officer.   | B |                       |
|     | 1(c)  | Failure to report for work in spite of denial of request to leave or to be on vacation.  | G |                       |
|     | 1(d)  | Failure to report for overtime work on holidays, rest days or weekends, when the employee has previously agreed to report for work; failure or refusal to report for overtime work when compulsory overtime work as allowed by law, is required by the employer.   | B |                       |
|     | 1(e)  | Failure or refusal to render holiday work without justifiable reason, when required by the company; Failure to render rest day work after having given consent to do so.   | B |                       |
|     | 2     | <b>Wearing of Prescribed Uniform/Identification card/badge</b>   |   |                       |
|     | 2(a)  | Failure or refusal to wear the prescribed uniform; Failure or refusal to wear company ID card/badge when required.   | A |                       |
|     |       |  |   |                       |
|     |       |  |   |                       |
|     | 3     | <b>Medical and Health Rules</b>  |   |                       |
|     | 3(a)  | Unjustifiable or unreasonable failure or refusal to submit for laboratory and/or physical/medical exam, drug test etc., whenever required by the Company in safeguarding the health or safety of the employee or of his co-employees, or in preventing the spread of disease or sickness.  | B |                       |
|     | 3(b)  | Failure or refusal to submit himself/herself to annual physical exam; Failure or refusal to secure a fit to work clearance after having rendered two or more days of sick leave  | A |                       |
|     | 3(c)  | Failure to disclose to appropriate company authorities, a serious contagious disease which may endanger or put at risk the health of other employees.  | B |                       |
| III |       | <b>NEGLECT OF DUTY</b>   |   |                       |
|     | 1     | <b>Tardiness</b> , whether consecutive or not, if not excused. There is tardiness when an employee reports for work or punches in one minute after his/her scheduled working time, on any working day.   | H |                       |
|     | 2     | Absence Without Official Leave/Permission (AWOL)   | I | With salary deduction |
|     | 3     | Absence without official leave for at least five (5) consecutive working days  | J | With salary deduction |

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|  | 4    | Abandonment of work – Failure to report for work or absence without valid or justifiable reason and clear intention to sever the employer-employee relationship  | J          |   |
|  | 5    | <b>Abuse of Company Time</b>   |            |   |
|  | 5(a) | Unauthorized undertime; quitting work without permission before time-off; extended meal period or break  | A          |   |
|  | 5(b) | Wasting time, loafing, loitering or leaving post temporarily without permission from the immediate superior during working hours; doing work or engaging in personal business or activities other than one’s assignment without permission from the immediate superior; soliciting non business on company premises during working hours; analogous cases. | B          |   |
|  | 5(c) | Sleeping during working hours.<br><br>(c.1)When no actual danger, damage or injury to persons or property existed.<br><br>(c.2)When actual danger, injury or damage to persons or property existed.  | B<br><br>D |   |
|  | 6    | <b>Negligence</b>  |            |   |
|  | 6(a) | Simple Negligence  | B          |   |
|  | 6(b) | Gross Negligence   | D          |   |
|  | 6(c) | Gross and habitual neglect of duty   | J          |   |
|  | 6(d) | Failure to perform the required duty demanded by the situation amounting to disregard of established rules and regulations; causing or exposing the company, employees or visitors to unnecessary risk, injury, loss or damage   | D          |   |
|  | 7    | <b>Negligence in the Use of Company Property</b>   |            |   |
|  | 7(a) | Failure to report to immediate superior any damage or defect of company machines, tools, equipment and/or other company property, not within his/her custody/possession, within 24 hours “from discovery or knowledge”   | C          |   |
|  | 7(b) | Failure to report the loss, damage or defect of a company property in his/her custody or possession within 24 hours from discovery or knowledge; concealing such loss/ damage/ defect.   | E          |   |
|  | 7(c) | Failure to return or properly turn over tools, equipment, instrument, documents or other company property as soon as the job or the use of the said tools, equipment, instrument, documents or property is finished.<br><br>(c.1) If no loss or damage occurred<br><br>(c.2) If loss or damage occurred  | B<br><br>D | With salary deduction for replacement or repair cost. |
|  | 7(d) | Failure to account for supplies, materials, documents, or any property issued or entrusted under one’s care  | D          | With salary deduction for replacement or repair cost  |
|  | 7(e) | Careless/unauthorized/improper use of company property, tools or equipment<br><br>(e.1) Not resulting in Damage to property  | B          |   |



|    |      |   |   |  |
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|    |      | (e.2) Resulting in damage to property   | E | With salary deduction for repair or replacement cost |
|    |      | (e.3) Resulting in injury to persons  | E |  |
|    | 8    | <b>Workplace Safety and Security</b>  |   |  |
|    | 8(a) | Leaving confidential/restricted information, records, data or documents open and exposed; negligence in handling and safekeeping confidential/restricted documents/information.   | B |  |
|    | 8(b) | Allowing an unauthorized person to have access to company property or premises or to confidential/restricted information, records, data or documents.   | E |  |
|    | 9    | <b>Other Forms of Negligence</b>  |   |  |
|    | 9(a) | Failure to report possible violations of law, rule, regulation or policy of the company within 24 hours from discovery or knowledge, to the proper and direct management chain and Human Resources Department,.   | F |  |
|    | 9(b) | Failure to report to immediate superior any injury/accident arising out of and in the course of employment within 24 hours from discovery or knowledge.   | B |  |
|    | 9(c) | Unsafe acts and/or disregard for established safety rules resulting to injury to persons or damage to property.   | B |  |
| IV |      | <b>DISHONESTY/FRAUD/BREACH OF TRUST</b>   |   |  |
|    | 1    | <b>Use of ID Cards/Badge and Attendance Records</b>   |   |  |
|    | 1(a) | Using another employee's ID card or badge for logging in/out or registering another employee's attendance in the attendance record or system; Lending or allowing another to use one's ID card or badge for personal benefit or for the benefit of another person; falsification or unauthorized alteration of attendance records; analogous cases. | B |  |
|    | 1(b) | Securing a company ID card/badge through fraudulent means   | D |  |
|    | 2    | <b>Fraud/Dishonesty</b>   |   |  |
|    | 2(a) | Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative.  | J |  |
|    | 2(b) | Stealing, pilfering, or attempting to steal or pilfer company funds or property, or those of a third party or other employees; Substituting parts, materials, supplies or property with items of lesser or inferior quality, or with items other than those of the company, a third party or of another employee.                                   | J |  |
|    | 2(c) | Estafa; Misuse or misappropriation of company funds or property; withholding funds or property due the company; similar cases.  | J |  |
|    | 2(d) | Securing, obtaining, requisitioning or attempting to secure, obtain or requisition company funds or property through fraudulent means or without permission or authorization.   | J |  |
|    | 2(e) | Conniving with suppliers, creditors, clients or any party doing business or transacting with the company, which tend to defraud, actually defrauds or places the company at a disadvantage or in jeopardy.  | J |  |
|    | 2(f) | Unauthorized possession or use of false keys, pick locks or similar devices which can open lockers, drawers, cabinets etc., or other  | J |  |

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|   |      | property of the company or those of other employee;   |   |  |
|   | 2(g) | Unauthorized possession or duplication of company keys.   | D |  |
|   | 2(h) | Intentionally making, issuing or giving false statements and/ or any case of misrepresentation/ falsification in employment application forms, personnel records or other company records, including medical /dental/laboratory records; Submitting false medical/laboratory results or specimen. | E |  |
|   | 2(i) | Forging or influencing others to forge/manipulate another person's signature; tampering with, alteration or falsification of commercial or official documents or any company record, document or correspondence.  | J |  |
|   | 2(j) | Giving false information or testimony during investigations.  | E |  |
|   | 2(k) | Giving false, vicious or malicious statements about the company, its officers, employees and/or products; Issuing false statements/misrepresentation that adversely affect company business, its reputation and/or results in undue/unfair advantage to the company or to other parties.          | E |  |
|   | 2(l) | Lending or giving one's Company ID card or badge to a non-authorized person to gain access to Company premises or property; Assisting or allowing a non-authorized person to enter or gain access to company premises or property.  | E |  |
|   | 2(m) | Securing a Company ID card/badge or certification, recommendation, etc., through fraudulent means, or misrepresentation;  | E |  |
|   | 2(n) | Malingering or not reporting for work under a claim of sickness although not actually sick  | B |  |
|   | 3    | <b>Use and Handling of Property</b>   |   |  |
|   | 3(a) | Bringing company manuals, documents and other company property outside of company premises without proper authorization.  | B |  |
|   |      |   |   |  |
|   | 3(b) | Sending, transmitting or otherwise disseminating proprietary data, trade secrets or other confidential information of the company to another by whatever means unless by authority of management.   | J |  |
|   | 3(c) | Incurring cash shortages unless validly explained and accounted for; Failure to report cash shortages or overages; making unauthorized cash advances; non-settlement of cash advances; encashing one's personal check or that of another with company's money, funds or properties                | E |  |
| V |      | <b>COMMISSION OF A CRIME/OFFENSE</b>  |   |  |
|   | 1    | Commission of a crime or offense against the employer, its representative, company officer, superior, or their immediate members of the family, whether or not a criminal case has been filed against the erring employee.  | J |  |
|   |      |   |   |  |
|   |      |   |   |  |

**SUPPLETORY EFFECT**

Any offense or violation of any other Company policy, rules and regulations not enumerated in this Code, but covered by the Corporate Code of Conduct or other Company promulgated rules, regulations and policies, including offenses or violations similar or analogous to the provisions provided in this Code shall be governed by the applicable provisions of Philippine labor law and jurisprudence, unless otherwise provided in said corporate or locally promulgated rules, regulations and policies, at the discretion of Management.

**DATE OF EFFECTIVITY**

This Code of Conduct shall take effect on November 1, 2009

A copy of this Code shall be provided and properly disseminated to each employee.