

CODE OF CONDUCT

1. STATUS
2. PURPOSE
3. APPLICABILITY
4. POLICY
5. CORE VALUES

- Integrity
- Teamwork
- Customer Service Excellence
- Social Responsibility

6. STANDARDS OF PROFESSIONAL RESPONSIBILITY

The Commitment

Special Role for Senior Management and Supervisors Responsibility to Customers

- Customer Satisfaction
- Sales and Marketing
- Customer Information

Responsibility to the Government

- Compliance with Law
- Political Neutrality
- Anti-Corruption
- Crossing National Borders

Responsibility to the Company

- General Appearance Standards
- Performance of Duties
- Conflict of Interest
 - Policy
 - Prohibited Acts
 - Non-exclusivity
- Information Sensitivity
 - Policy
 - Nature of Confidential Information Non-exclusivity
 - Use, protection, and release of Information

- Records Management
- Corporate Opportunities
- Company Assets
 - Use of Company Property
 - Protection of Company Property and Personal Property
 - Intellectual Property of Others
 - Information Technology
 - System Access Limitations
 - Internet Policy
 - E-mail and other Inter-office Electronic Communication Facilities
 - Public Relations
 - Proprietary Information
 - Discrimination and Harassment
 - Security, Safety, Health and Environment
 - Drugs and Alcohol
 - Violence and Weapons
 - Gambling

Responsibility to Fellow Employees

- Fraternization Policy
- Prohibited Commercial Activities

7. EMPLOYEE DISCIPLINE
8. WAIVERS AND REPORTING VIOLATIONS
9. NON-EXCLUSIVITY
10. CERTIFICATION

CODE OF CONDUCT

1. STATUS

This supersedes the 1991 PAGCOR Employee's Handbook, the 2006 Code of Discipline, and all memorandum circulars, implementing rules and regulations inconsistent therewith.

Our Company is committed to the highest standards of ethical business conduct in its dealings with employees, customers, communities, suppliers and others. The Code of Conduct has established a business ethics and compliance program to assist our leaders, employees and others in recognizing, understanding and attending to the ethical dimensions of our jobs and tasks, and in appropriately resolving issues affecting such activities.

2. PURPOSE

This Code confirms and updates our Company's Code of Discipline and its Company-wide business ethics and compliance program to articulate our Company's expectation of its leaders, employees, agents, consultants and representatives to undertake actions that are consistent with our Company's business values and core ethical principles, relevant laws and regulations and Company personnel policies and procedures. Our Company's commitment to integrity, excellence and customer satisfaction rests on the unwavering pursuit of the highest standards of ethical business conduct.

3. APPLICABILITY

This policy applies to the Company's Board of Directors, officers, and employees, whether regular, contractual, casual or probationary, as well as learners, apprentices and trainees in all its corporate offices, casino branches, field offices, arcades and satellites. However, employees of concessionaires, contractors and agencies doing business with the Company are excluded from the coverage of these rules.

4. POLICY

Our Company has adopted this Code of Conduct to:

- Define the Company's core values, standards of professional responsibility and expectations for the ethical conduct of its people;
- Promote honesty and fair dealing;

- Promote compliance with applicable laws, rules and regulations, including but not limited to, its charter, generally accepted accounting principles;
- Encourage prompt reporting of violations of this Code; and
- Deter wrongdoing and create accountability for adherence to this Code.

Our Company incorporates the norms of conduct set forth in Article XI, Section 1 of the 1987 Constitution; Chapter 7, Subtitle A, Title 1, Book V of the Revised Administrative Code of 1987; the Civil Service Law and Republic Act No. 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees.

5. CORE VALUES

Integrity

- Be honest, fair and trustworthy.
- Respect ethics, applicable laws and regulations.
- Treat people with respect and dignity.
- Honor commitments to customers, the community and each other.
- Be accountable for, and accept the consequences of, our behavior.

Teamwork

- Promote a collective work relationship where each member contributes a fair share of his / her capabilities in order to achieve a common goal.
- Foster solidarity, trust, concern and responsive communication.
- Welcome diversity and diverse opinions.
- Make things happen through a strong leadership, effective supervision and efficient work.
- Recognize and reward accomplishment.

Customer Service Excellence

- Uphold the highest global standards in customer service to satisfy the needs of our customers all the time.
- Adhere to the Lucky Nine (9) Service Traits:
 - ❖ *Galing ng Pinoy*

- ❖ *Bayanihan Spirit*
- ❖ *Mabuhay Hospitality*
- ❖ *Pagkamagalang*
- ❖ *Kasipagan*
- ❖ *Kalinisan*
- ❖ *Pagkabayani*
- ❖ *Masayahin*
- ❖ *Matapat*
- Stress quality, productivity, operational excellence and best practices.

Social Responsibility.

- Be a Company that conducts business responsibly by earning an honest profit while protecting the rights of stakeholders – our country, our community, our workers.
- Nurture voluntarism, transparency, patriotism and accountability.
- Adopt efficient, effective and equitable measures to stimulate and sustain responsible gaming operations.

6. STANDARDS OF PROFESSIONAL RESPONSIBILITY

6.1 *The Commitment*

Ours is a dynamic world. One in which each of us is asked daily to make split-second decisions – decisions that significantly affect the future success of our Company, decisions where the best answer is often difficult to identify and decisions that from time to time test our ethical foundations. Senior management and the board of directors are committed to helping each of us to make the best decision in all circumstances. No Code of Conduct can answer all questions or layout answers for all circumstances. This Code of Conduct outlines some fundamental value systems of the Company, and asks for our collective commitment to conduct ourselves and each aspect of our business with integrity to assure honest and ethical behavior. Those who violate the standards in this Code of Conduct will be subject to disciplinary action up to and including termination of employment.

6.2 *Special Role for Senior Management and Supervisors*

This Code of Conduct applies equally to all directors, officers and employees. The Board of Directors has approved, and senior management strongly endorses, this Code of Conduct and its strict

enforcement. Each supervisor has the following important roles in implementing this Code of Conduct:

- to lead by example, complying with this Code of Conduct personally and demanding compliance in his or her work area. Their behavior must reaffirm the employees' faith in the integrity of Management.
- to listen carefully and act responsively in the event that an alleged violation of this Code of Conduct is brought to his or her attention.
- to ensure that the employees to whom they are directly and immediately accountable know and understand this Code of Conduct, including relevant Company personnel policies, procedures, and their manner of application.
- to ensure that his or her conduct, both in and out of the Company, reflects and enhances the public's perception of the Company's image.

6.3 *Responsibility to Customers*

6.3.1 *Customer Satisfaction*

In order to live up to the expectations of our customers, compliance with quality standards, processes, procedures and safety requirements is essential. Each ought to do whatever we do with the highest level of quality and service for customers, both external and internal to the Company.

6.3.2 *Sales and Marketing*

We build long-term profitable relationships with our customers by demonstrating honesty and integrity in our communications and dealings with them day to day. All advertisements must be accurate and truthful. It is important to respect local cultures without compromising our integrity or ethics.

6.3.3 *Customer Information*

We must protect customer information that is sensitive, private or confidential just as carefully as if it is our own. Only those who are authorized or have a need to know should have access to customer information.

6.4 *Responsibility to the Government*

6.4.1 *Compliance with Law*

We must obey the applicable laws, regulations, including pertinent decisions, resolutions and orders of the courts and administrative agencies. Our activities must faithfully comply with the spirit, not simply the letter, of the law. Certainly, nobody is reasonably expected to know all the laws that apply to our business. Everyone is encouraged to proactively seek the advice and guidance of our in-house legal officers. Training sessions in areas where questions or difficulties recur is necessary.

6.4.2 *Political Neutrality*

All are encouraged to exercise fully, freely, and without fear of penalty or reprisal, and to the extent not expressly prohibited by law, their right to participate or to refrain from participating in the political processes of the nation.

We:

1. may vote for the candidate of his/her choice,
2. may express opinions on all political subjects and candidates,
3. may be a member of any political party, organization, or club, and
4. may make voluntary contributions to a political organization for its general expenditures

However, we:

1. shall not use public funds, time, personnel, or equipment for political activity unless that use is authorized by law or is incidental to a legally authorized or required activity.

For example, he *shall not* at any time circulate any petition, including a nominating petition, in a government office,

2. shall not discharge, promote, demote, or change the status or compensation of any other official or employee or promise or threaten to do so:
 - for making or not making any contribution for a political objective,
 - because of the official's or employee's political actions or beliefs,
 - because of the official's or employee's failure to take any political action,
 - because of the official's or employee's support or non- support of a candidate seeking elective office, a political party, an initiative, or referendum.
3. shall not hand over to other officials or employees any money or other thing of value to promote any political objective.
4. shall not use our office or influence to:
 - interfere with an election, or affect its results, or
 - coerce the political action of any person or party.
5. shall not be obliged to contribute to any political fund or to render any political service nor will they be removed for refusing to do so.
6. shall not be pressured or coerced into political activities or support for political parties or candidates by threats to their employment.
7. shall not solicit, accept, or receive political contributions from anyone while on government time on government property, or in government offices.
8. shall not campaign for any candidate for public office during official working hours.
9. shall not join rallies, strikes, mass actions, demonstrations or other concerted activities to manifest dissent against the Government or Management.

The rationale behind this policy is to insure that civil servants provide service to everyone without unfair discrimination and regardless of party affiliation or preference. The principle of political neutrality for civil servants finds its justifications in the desire to secure discipline and efficiency in the public service by doing away with the spoils system. Many government employees have been accustomed to work for the candidacy of a particular person to ensure security of tenure or to get reward in the form of appointments or promotions in government positions as spoils of victory.

In addition, these prohibitive acts should be differentiated from the right of all citizens, including public officers and employees, to express their views on current political problems or issues or to mention the names of candidates for public office whom they support and believe to have the best platform of government.

6.4.3 *Anti-Corruption*

PAGCOR shall comply with anti-corruption laws, such as but not limited to, Republic Act No. 3019, Republic Act No. 6713, the Civil Service Law, the Revised Administrative Code of 1987 and pertinent provisions under the Revised Penal Code.

We shall not offer, give, request, receive or participate in any way in the payment of a "kickback" or other improper payment to influence a business decision. In the event we become aware of the payment of a kickback or other improper payment in connection with the Company's business, we must immediately inform the Legal Department. In connection with the private sector only, this policy does not forbid the transmittal or receipt of occasional gifts or services of nominal value by employees. Entertainment of business contacts or prospects by employees or entertainment of employees by suppliers or others outside the Company is permissible, but must be reasonable.

6.4.4 *Crossing National Borders*

Importing and exporting products, services, information or technology should be performed in accordance with the applicable laws and regulations that govern crossing of national borders. International travel shall be done in accordance with the applicable immigration and customs laws.

6.5 *Responsibility to the Company*

6.5.1 *General Appearance Standards*

We are expected to appear neat and clean at all times. Hairstyles, clothing, and accessories should be appropriate for the job and should not draw unnecessary attention or present a personal safety hazard. When clients visit our offices, we want to draw attention to our attractive properties and the PAGCOR living experience. Clothing, accessories or hairstyles that are outlandish or unconventional will detract attention from our properties and will not enhance our clients living experience.

Grooming, office attire, hairstyle / color, footwear must conform with the standards set by Management for frontliners and all employees. Conspicuous tattoos and skin brands are inappropriate and must be covered with dark hose, scarves or other clothing.

6.5.2 *Performance of Duties*

We shall at all times perform official duties properly and diligently. We shall commit ourselves exclusively to the business and responsibilities of our office during working hours.

We shall carry out our responsibilities as public servants in as courteous a manner as possible. We must discharge our duties with the highest degree of excellence, professionalism, intelligence and skill. Utmost devotion, zeal and dedication to duty shall be our hallmark.

6.5.3 *Conflict of Interest*

A. *Policy*

Public office is a public trust. Accordingly, we shall not, directly or indirectly, have any financial or material interest in any transaction requiring the approval of our office. We must be free and remain free from any interest, ownership, influence or relationship which actually or apparently conflicts with the best interests of our Company. A sense of *delicadeza* dictates that we disclose real or potential conflicts of interest, in order to protect both ourselves and the organization from the

harmful effects related to later disclosures of activities, associations, ownership or other interests that could constitute prohibited conflict of interest.

It is our bounden duty to exercise utmost diligence in being aware of conflicts of interest, disclosing such situations to the designated authorities, and terminating them as they arise.

1) A conflict of interest exists when:

a) the Company personnel's objectivity, loyalty or independence of judgment in performing official duties is impaired or may reasonably appear to be impaired; or

b) the Company's personnel immediate family, or the personnel's business or other financial interest would derive gain or advantage because of the personnel's official act.

2) No conflict of interest exists if any benefit accrues to the personnel as a member of the profession, business or group to the same extent as any other member of such profession, business or group who does not hold a position in our Company.

3) The term "immediate family" shall include the following, whether related by blood, marriage or adoption: (a) spouse; (b) children; (c) brother; (d) sister; (e) parent; (f) grandparent; (g) grandchildren; (h) father-in-law; (i) mother-in-law; (j) brother-in-law; (k) sister-in-law; (l) son-in-law; (m) daughter-in-law; (n) stepfather; (o) stepmother; (p) stepbrother; (q) stepsister; (r) stepson; (s) stepdaughter; (t) half-brother; and (u) half-sister.

B. Prohibited Acts

Company personnel shall not:

1) Directly or indirectly have any financial or pecuniary interest in any business, contract or transaction in connection with which he intervenes or takes part in his official capacity, nor use that position to assist any member of the personnel's immediate family in securing a contract with the Company in a manner not available to any other interested party.

2) Solicit or accept any gift, loan, gratuity, discount, favor, hospitality or service under circumstances from which it could reasonably be inferred that a major purpose of the donor is to influence the Company personnel in performing official duties.

3) Have any consulting or employment relationship with, significant ownership, interest in, or financial arrangement with, any supplier, customer, development partner or competitor of the Company.

4) Perform outside business activity that detracts from an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company.

C. Non-exclusivity

It is impossible to identify in this Code of Conduct all conflicting relationships but we should carefully consider whether the following make it difficult for us to objectively and effectively perform our job. Whenever our private interests interfere in any way, or even appear to interfere, with the best interest of our Company, we have a responsibility to avoid such situation or association. Some situations which result in an actual or apparent conflict are unavoidable. In those circumstances, we should notify Management immediately upon becoming aware of the actual, apparent or potential conflict. We should also be prepared to take such remedial actions as may be required by Management.

6.5.4 Information Sensitivity

A. Policy.

Company personnel shall not disclose to any unauthorized person any confidential information acquired by them while employed in our Company, whether such information came from authorized or unauthorized sources.

B. Nature of Confidential Information.

Confidential information means any information, data or document that has been determined by PAGCOR to require protection against unauthorized disclosure for reasons of security and organizational integrity. Hence, access to and dissemination of confidential information shall be strictly on a need-to-know basis. It includes any information, data or document **other than** the following:

- 1) Information that have become publicly known and made generally available through no wrongful act of employee;
- 2) Information that the employee is required to disclose in the course of his duties; or
- 3) Information that the Employee is required by law, court order, or *subpoena* to disclose.

C. Use, protection, and release of Information.

- 1) An employee is prohibited from using or giving information acquired through his or her official position, prior to its release to the general public.
- 2) **"For Official Use Only"** material shall not be examined by, released to, nor discussed with any person unless specifically authorized to do so or except as required on a **" need-to-know" basis** in the proper discharge of official duties. Confidential information shall not be disclosed to anyone who does not have the appropriate authority or security clearance.

6.5.5 Records Management

The Company's books and records must accurately reflect the nature and purpose of all Company activity, be appropriately detailed and conform to appropriate legal, accounting and auditing standards. The Company's internal controls are designed to protect the integrity of the Company's financial statements and other records. As a government-owned-and-controlled corporation, it is of critical importance that the Company's filings and press releases be accurate. Depending on their position with the Company, employees may be called upon to provide information to assure that the Company's public reports are complete, fair and

understandable. Management's goal is to ensure that a culture exists throughout the Company as a whole that ensures the fair and timely reporting of the Company's financial results and condition. The Company expects all of its personnel to take this responsibility very seriously and to provide prompt and accurate answers to inquiries from appropriate personnel related to the Company's public disclosure requirements.

The term "**business records**" covers a broad range of files, reports, business plans, receipts, policies and communications, including hard copy, electronic, audio recording, microfiche and microfilm files whether maintained at work or at home. The Company prohibits the unauthorized destruction of or tampering with any records, whether in written or in electronic form, where the Company is required by law or government regulation to maintain such records or where it has reason to know of a threatened or pending government investigation or litigation relating to such records.

6.5.6 Corporate Opportunities

Each of us is prohibited from taking for ourselves personal opportunities that are discovered through the use of corporate property, information or position. Nor may we use Company property, information or position for personal gain. Each of us owes a duty to the Company to advance its legitimate interests when the opportunity arises.

6.5.7 Company Assets

A. Use of Company Property

We must treat Company property with the same care we would our own property. The use of Company property for individual profit or any unlawful, unauthorized, personal or unethical purpose is prohibited. The Company's information, technology, buildings, land, equipment, machines, software and cash must be used only for official purposes, except as provided by Company policy or approved by Management.

B. Protection of Company Property and Personal Property

We must exercise due care in preventing damage, loss, waste, depletion or destruction of Company property or the personal property of others. We must curb dishonesty, such as but not limited to, theft, fraud, embezzlement and unauthorized cannibalization.

C. Intellectual Property of Others

We may not reproduce, distribute or alter works, products or materials without the consent of the owner of the copyright, patent, trademark or trade name. In particular, software used in connection with the Company's business must be properly licensed and used only in accordance with that license.

D. Information Technology

D.1 System Access Limitations

Access privilege through a user account shall be extended to all authorized users of the Company. An authorized user shall be given a unique log-in name and password to gain access to the Company's IT facilities and resources.

Users shall be responsible in safeguarding their passwords for access to the computer system. Individual passwords shall not be printed, stored online, or given to others. Users shall be responsible for all transactions made using their passwords. No user shall access the computer system by using another user's password or account.

A user shall not access, alter or copy a file belonging to another user without obtaining permission from the owner of the file. Ability to read, alter, or copy a file belonging to another user does not imply permission to read, alter or copy such file. Likewise, a user's ability to connect to other computer systems through the network or a modem shall not imply a right to connect to those systems or to make use of those systems unless specifically authorized by the operators of those systems.

D.2 Internet Policy.

Management expects its employees to use Internet access for business-related purposes (i.e., to communicate with customers and suppliers, to research relevant topics and to obtain useful business information). All existing Company policies apply to conduct on the internet, particularly (but not exclusively) those policies dealing with intellectual property protection, privacy, misuse of Company resources, sexual harassment, information and data security and confidentiality. All employees must take special care to maintain clarity, consistency and integrity of the Company's corporate image and posture. All employees granted Internet access should refer to the Company's comprehensive policy on Internet usage for detailed guidance on Internet behavior.

D.3 e-mail and other Inter-office Electronic Communication Facilities

Users shall endeavor to make each electronic communication truthful and accurate. Any document created or stored on the computer system may be subject to review and inspection upon authority of the Company.

Users must never consider electronic communications to be private or secure. The Company reserves the right to monitor and/or log all network-based activities. The user is responsible for surrendering all passwords, files, and/or other required resources, if requested to do so in the presence of persons properly authorized by Management.

The following shall be considered prohibited acts:

- 1) Sending, downloading, displaying, or disseminating material that is sexually explicit, pornographic, racially abusive, culturally insensitive, harassing, offensive, defamatory, or otherwise unlawful or inappropriate;
- 2) Cyberslacking, such as but not limited to, playing on-line and intranet games, chatting, sending mass mailings, blogs or chain letters; or

- 3) Use of IT facilities and resources for criminal activities as defined under the Revised Penal Code and special laws, including but not limited to the Republic Act No. 8792 (E-Commerce Act of 2000) and the Intellectual Property Code;
- 4) Piracy or the use of copyrighted material without attribution;
- 5) Acts or communications that damage the integrity, reliability, confidentiality and efficiency of IT facilities and resources such as but not limited to:
 - a) Sending or depositing any virus, trapdoor program or worm through computer networks and server programs;
 - b) Acts that attempt to crash, tie up, or deny any service on the IT facility and resources, such as, but not limited to sending repetitive requests for the same service, sending bulk mail, sending data packets that flood the network bandwidth;
 - c) Concealment, deletion or modification of data or records pertaining to access to IT facilities and resources.

6.5.8 Public Relations

Unless we are expressly authorized to represent the Company before the media, we may not respond to inquiries or requests for information. These include print journalists, broadcast correspondents, telemarketers and bloggers. If contacted by any member of the media about any topic, we ought to refer the call to the proper department.

Employees must be careful not to disclose confidential or business information through public or casual discussions with the media or others.

6.5.9 Proprietary Information.

The materials, products, designs, plans, ideas and data of the Company are the sole and exclusive property of the

Company and should never be given to an outside firm or individual except through normal channels and with appropriate authorization. Any improper transfer of material or disclosure of information, even though it is not apparent that an employee has personally gained by such action, constitutes unacceptable conduct. Any employee who participates in such a practice will be subject to disciplinary action, up to and including possible termination and legal action.

Any intellectual property created by any employee in connection with or related to the performance of his duties is owned by the Company. Each Employee Invention (as defined below), whether now existing or hereafter created, does and will belong exclusively to the Company. If it is determined that any such works are not works made for hire, the employee will assign to the Company all of the employee's right, title, and interest, including all rights of copyright, patent, and other intellectual property rights, to or in such Employee Inventions. Any employee is required to promptly:

- (i) disclose to the Company in writing any Employee Invention;
- (ii) assign to the Company or to a party designated by the Company, at the Company's request and without additional compensation, all of the employee's right to the Employee Invention for the Philippines and all foreign jurisdictions;
- (iii) execute and deliver to the Company such applications, assignments, and other documents as the Company may request in order to apply for and obtain patents or other registrations with respect to any Employee Invention in the Philippines and any foreign jurisdictions;
- (iv) sign all other papers necessary to carry out the above obligations; and
- (v) give testimony and render any other assistance but without expense to the employee in support of the Company's rights to any Employee Invention.

“Employee Invention” means any invention, technique, modification, process or improvement (whether patentable or not) and any work of authorship (whether or not copyright protection may be obtained for it) created, conceived, or developed by an employee of the Company, either solely or in

conjunction with others, during the employment of the employee by the Company and in connection with, arising out of, or relating to the Company's business.

6.5.9 *Discrimination and Harassment*

We must never discriminate nor manifest, by word or conduct, bias or prejudice based on race, gender, sexual orientation, religion, ethnic origin, marital status, age, disability or political affiliation, in any personnel practice, including recruitment, hiring, training, promotion, and discipline. Personnel actions are based on the following criteria: (a) merit and fitness; (b) development needs of individuals and the Company's succession planning requirements; (c) equal opportunity and achieving work-force diversity; and (d) legal and contractual requirements.

Our Company frowns upon harassment in any form, including, but not limited to, oppression, sexual harassment, bullying, threats and assault.

6.5.10 *Security, Safety, Health and Environment*

Humane, safe, and healthful conditions of work are indispensable to the well-being of everyone. Our Company endeavors to comply with applicable security, safety and health regulations and appropriate practices. Employees should immediately notify the supervisor or manager of any work hazard, accident, injuries and unsafe equipment, practices and conditions.

Security management is everyone's concern. Protective services, precautions and countermeasures must address the criticality, vulnerability and probability of any hazard, risk or threat. Accordingly, an integrated approach towards the identification, prevention and control of losses is crucial. Disaster preparedness, as well as timely, adequate and effective response to any emergency, whether natural or man-made, requires cooperative efforts among all sectors.

Compliance with environmental laws, standards and policies is integral to the greening of business. In his own little way, everyone can be a steward of Mother Earth. Solid waste

management, anti-smoking drive, among others, can make our niche a better place to live in.

6.5.11 *Drugs and Alcohol*

Our Company maintains a drug-free workplace. In addition, reporting to work, or remaining on duty, with any detectable level of alcohol or dangerous drugs in their bodies is disallowed because it negatively impacts on the health, safety, security and productivity of all employees.

Any Company personnel who, unless authorized by law, shall sell, trade, administer, dispense, deliver, give away to another, distribute, dispatch in transit or transport any dangerous drug, psychotropic or volatile substance, including any paraphernalia (i.e. equipment, instrument, or apparatus), controlled precursor and essential chemical, as well as any species of opium poppy regardless of the quantity and purity involved, or shall act as a broker in any of such transactions shall be held liable.

No employee shall drink any alcoholic beverage before reporting for duty, while on duty, in uniform, within Company premises, or while he is on-call status.

All employees may be subject to a fitness-for-duty evaluation, and urine and/or breath testing when:

- (1) He or she has been selected for mandatory, random and suspicionless drug-testing;
- (2) there are reasons to believe that drug or alcohol use is adversely affecting job performance;
- (3) The employee was involved in an accident with a Company vehicle that results in damage to property or injury/death to persons.

A positive presumptive result following the confirmatory test for the presence of any detectable level of dangerous drugs, alcohol, psychotropic or volatile substance shall be just cause for removal. Refusal to submit to such tests shall be tantamount to insubordination.

This prohibition excludes legally obtained medications or prescriptions used as directed by a medical practitioner, but the

employee must disclose such fact that may create a safety risk before the drug testing. One must also report to his manager any conviction for a drug or alcohol-related offense.

6.5.12 Violence and Weapons

Workplace violence is inimical to the safety of people and ruins industrial peace. The Company does not tolerate threatening, abusive or hostile behavior. Assault, coercion, intimidation, fighting, or violence of any kind while inside company premises, on company business, or on a job site are prohibited. Management will take immediate and appropriate action against offenders, up to and including dismissal and criminal prosecution.

Weapons and ordnance, regardless of any permit, license, or mission order, may not be brought inside company premises, or during company-sponsored activities by any employee, except security personnel and persons authorized by the Company to carry firearms.

6.5.13 Gambling

Gambling in its illegal form (e.g. *masiao*, *jueteng*, last two), within Company premises or in public, is strictly prohibited as this has become an influential factor in an individual's disregard for the value of dignified work, perseverance and thrift since instant monetary gains from it are being equated to success, thereby becoming a widespread social menace and a source of corruption.

The foregoing notwithstanding,, other games of chance such as but not limited to lotteries, is allowed, subject to restrictions set forth under Company rules.

6.6 Responsibility to Fellow Employees

Our people are our greatest asset. Our dealings with our fellow employees, supervisor and subordinate alike, are based upon mutual

trust and respect. Actions must be geared towards facilitating the lawful and ethical success of our Company. We must be innovative in problem-solving. We must facilitate open and honest communications. While it sounds trite, each must be part of the solution, not part of the problem.

Courtesy, fairness and candor towards co-employees, regardless of position, rank, age, gender or status, is a must. Unprofessional dealings, such as but not limited to intemperate language, abuse of authority and willful disobedience, are uncalled for.

The norms of *pakikisama*, *pakikitungo* and *pakikiramay* shall be nurtured to propel team-building.

6.6.1 Fraternalization Policy

Employees are strictly prohibited from starting or continuing a personal, social, financial, romantic, or sexual relationship with any customer other than that person with whom the employee had a personal relationship prior to his employment in the Company. While employees may often engage in social interaction with customers as part of their job duties, they are required to refrain from allowing the social interaction to interfere with the faithful, honest and diligent discharge of their duties and responsibilities.

Illicit relationships, as defined under the Code of Discipline, is looked upon with disfavor, whether or not the paramour, mistress or concubine is an employee of PAGCOR. That said, relationships that give the appearance of impropriety and may be perceived as disgraceful and immoral conduct should be avoided.

Employees tasked with security, surveillance, investigative and adjudicative functions should avoid any appearance of impropriety, bias or prejudice towards anyone. To assure objectivity, impartiality and professionalism, these employees should, as far as practicable, maintain a respectable distance between themselves and other employees.

Our Company's success depends on positive employee morale and harmonious working relationships. Occasionally, personal relationships develop between people who work together. Unfortunately, attractions are not mutual, and these situations can lead to sexual offenses. In addition, relationships

between supervisor and subordinate often cause morale problems or misperceptions about assignments and favoritism on the part of other employees in the work group. That said, one must shy away from any impropriety or the appearance thereof.

6.6.2 Prohibited Commercial Activities

The sale, barter or pledge of merchandise by employees while on duty or within Company premises is prohibited. Also, promoting, engaging or participating, directly or indirectly, in any multi-level marketing, pseudo-investment scheme (i.e. illegal Ponzi scheme, pyramiding), or in a lending scheme within Company premises or during working hours is subject to disciplinary action. These activities adversely affect the financial standing of employees. Once indebtedness becomes unduly burdensome, their relationships become strained, their work efficiency deteriorates, and their propensity to cheat and steal is heightened.

7. EMPLOYEE DISCIPLINE

Our Company believes that the highest form of discipline is self-discipline. Discipline is not merely a restraint on one's behavior but a total conditioning of oneself for the highest achievable level of performance. The creation of an environment wherein operational excellence and exemplary behavior are the preoccupation of all employees is essential. That said, all are reasonably expected to live up to our Company's Core Values.

Discipline is not the fear of punishment for doing something wrong, but a faith in the value of doing something right. The correction of culpable misbehavior is accomplished in part through the application of corrective actions. Be that as it may, discipline is not viewed as an "I-you" confrontation but a "we" process. These sanctions are not intended as punishments. Rather, their purpose is to ascertain the root causes underlying problem behavior in order to bring about effective and efficient job performance while communicating the seriousness with which the employer views the matter.

The Ten Commandments of Discipline are as follows:

- I. Discipline shall be centralized.
- II. Discipline decisions shall be reviewed before being implemented.
- III. Management shall notify employees of conduct that may result in discipline.
- IV. Management shall assure due process.
- V. Discipline shall be progressive, at least most of the time.
- VI. The disciplinary process shall be documented accurately.
- VII. Discipline shall be just and equitable.
- VIII. A thorough investigation shall precede the decision to discipline.
- IX. Discipline shall be uniform, consistent and equitable.
- X. A disciplinary system shall be flexible.

8. WAIVERS AND REPORTING VIOLATIONS

It is our bounden responsibility to read, understand and comply with this Code.

The Board of Directors is ultimately responsible for this Code and monitoring compliance with its provisions. Any waivers of the provisions of this Code may be granted only by the Board of Directors.

Whistleblowers are encouraged to report irregularities without fear of retaliation or reprisal. Good faith reports of ethical violations may be done under cover of anonymity. However, purveyors of false, vexatious and malicious accusations shall be sanctioned accordingly.

9. NON-EXCLUSIVITY

Nothing expressed in the Code of Conduct can represent all the policies and procedures PAGCOR believes we should follow. This Code does not provide a comprehensive or complete explanation of all rules relevant to the Company and all of its employees.

We have a continuing obligation to familiarize ourselves with all applicable laws, Company policies, rules and procedures relevant to our duties and responsibilities.

10. CERTIFICATION

Each Company personnel shall certify that:

1. he has read the Code of Conduct;
2. he has understood the policies, rules and regulations provided therein;
3. he shall faithfully comply with the Code of Conduct including the rules prescribed under the Code of Discipline; and
4. he shall be held responsible for any violation of the Code of Conduct, as set forth in the Code of Discipline.

In this regard, every *bona fide* employee of PAGCOR shall manifest his unwavering commitment to conduct himself in accordance with the norms of professional responsibility and ethical conduct under the Code of Conduct and the Code of Discipline.

ACKNOWLEDGMENT

I, _____ acknowledge that I have received, read and understood the Code of Conduct of the Philippine Amusement and Gaming Corporation (PAGCOR). Accordingly, I shall faithfully comply with the policies, rules and principles set forth therein, including the provisions set forth in the Code of Discipline, and I shall be accountable for my behavior, actions and its results.

1. Your Full Name (If married, include maiden name)

2. Your Position / Title:

3. The Office or Branch where you report to:

Signature _____ **Date** _____