

AAI

CODE OF BUSINESS CONDUCT AND ETHICS (CBCE)

(Revision 4)

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1. SCOPE

The AAI Code of Business Conduct and Ethics or CBCE is the set of norms which all Directors, Officers and Employees are expected to observe in performing their work, in conducting themselves with their co-workers, customers, suppliers, business partners and government regulators.

2. COVERAGE

The provisions of this Code shall apply to ALL employees of AAI, which, for purposes of this Code shall refer to AAI Worldwide Logistics Inc. and all other affiliate companies under AAI Holdings Inc.

3. CORPORATE VALUES

3.1 Customer focus

We deliver and exceed customer expectations.

3.2 Excellence through teamwork

We work and learn together for continual improvement.

3.3 Frugality

We use our resources wisely.

3.4 Integrity

We conduct ourselves with honesty, and credibility, at all times.

3.5 Respect for the Individual

We treat each other with respect and dignity.

3.6 Output-oriented

We work passionately to achieve our goals.

3.7 Social Responsibility

We advocate social development and good governance.

4. RESPONSIBILITIES

- 4.1 Consistent with our CEFIROS values, it is the policy of AAI to comply with all laws and regulations. All directors, officers, and employees, are expected to:

- 4.1.1 demonstrate the highest standards of professional and ethical conduct in the performance of his or her responsibilities;
- 4.1.2 fulfill their duties and responsibilities in accordance with all statutory and regulatory requirements applicable to the services rendered by AAI
- 4.1.3 be honest and sincere in his or her dealings with customers, public, suppliers, contractors, and fellow directors, officers, employees and other stakeholders; and

4.2 **Responsibility of Employee**

Every employee shall be provided with a copy of this Code and shall be duly informed of any amendments or supplements thereto. It is the duty and responsibility of every employee to study and understand the provisions of this Code, including its amendments and supplements. Ignorance of or unfamiliarity with the provisions of this Code shall not be an excuse for violations.

1.3 **Responsibility of Department Head**

Every department head has the primary responsibility to enforce discipline within his jurisdiction and ensure the observance of the highest standards of competence, professionalism, courtesy, punctuality, attendance, effective and efficient performance of jobs and assignments, honesty, integrity, teamwork and cooperation, from all his subordinates. He is responsible for informing his subordinates about the provisions of his Code and all other policies, rules, regulations and guidelines promulgated by AAI. Correspondingly, each officer/supervisor shall be given sufficient authority to effectively discharge the foregoing responsibilities.

5. **CODE OF BUSINESS CONDUCT AND ETHICS**

5.1 **Honesty**

- 5.1.1 All employees are expected to be honest and truthful in the performance of their jobs and their dealings with AAI, its officers, employees, customers or suppliers. They

should not engage in any fraud, deceit, or any form of dishonesty nor facilitate/aid in the commission of fraud, deceit or any form of dishonesty, nor conceal any act which constitutes fraud, deceit, or any form of dishonesty, which may directly or indirectly affect AAI.

5.1.2 Every employee must, at all times, furnish correct and complete information on documents and other papers deemed necessary by AAI.

5.1.3 Employees must always exercise honesty in the performance of their duties. They must not use their positions for their own interest.

5.2 Compliance with Policies and Procedures

All employees of AAI are expected to comply with all established policies and procedures which were carefully designed to ensure effective and efficient operations. Violations on policies and procedures will be dealt with according to the penalty provision of this Code.

5.3 Proper Conduct and Behavior

5.3.1 Employees are expected to conduct their official and personal business with proper decorum to protect the name and goodwill of AAI. They are expected to conduct themselves properly at all times, within or outside AAI premises, on or off duty. Employees should avoid any act that may embarrass or discredit AAI.

5.3.2 AAI strongly disapproves of, and will not tolerate, any act or untoward behavior such as harassment, violence, intimidation, and discrimination.

5.3.3 Harassment includes verbal, physical, and visual conduct that creates an intimidating, offensive, or hostile working environment or that interferes with work performance. Some examples include ethnic or sexual jokes; offensive statements, posters or cartoons; intimidation tactics; distribution of inappropriate jokes or offensive language on electronic mail or any other computer or networks, use of pornographic screens or software; or other similar conduct. Sexual harassment includes behaviors such as solicitation of sexual favors, unwelcome sexual advances

or other verbal, visual or physical conduct of a sexual nature.

5.4 Work Responsibilities

5.4.1 Employees are expected to perform their assigned tasks during their scheduled hours of work and at their designated work area.

5.4.2 Employees are expected to be efficient in the performance of their duties. Acts of negligence or carelessness resulting in administrative / operational difficulty or prejudice to AAI is a violation of this provision.

5.5 High Moral Standards

Employees should maintain high moral standards of behavior and must refrain from indecent, lewd acts which could give occasion for scandal or loss of confidence in AAI.

5.6 Conflict of Interest

5.6.1 Conflict between the interest of AAI and the interest of the employees should be avoided at all times. In cases of conflict, the interest of AAI should prevail.

5.6.2 It is AAI's policy that all directors, officers, and employees avoid any business, engagement, relationship or activity which is, or appears to present a potential conflict between their personal benefits and AAI's interest, unless, after disclosure to the appropriate level of management, it is determined that such business, engagement, relationship or activity will not in any way jeopardize the company, will not affect the independent exercise of sound judgment for AAI's best interest, or divide his or her loyalty to the company.

5.7 Attendance and Punctuality

All employees are required to be punctual and regular in their attendance. They are expected to be at work during their working hours, except during authorized breaks.

5.8 Office Attire

Due to the nature of AAI's business, it is imperative that employees come to work in proper attire, in accordance with the guidelines issued by Human Resource & Quality (HRQ). Proper attire lend respectability and dignity to both the employee and AAI.

5.9 Wearing of Company Identification Cards (I.D.s)

For security and identification purposes, all employees are required to wear their company I.D.s upon entering AAI and while within the Company premises.

5.10 Company / Customer Property

Using company / customer property for private purpose other than an officially approved activity is prohibited. Furthermore, employees are required to protect and conserve company / customer property, including equipment and supplies entrusted to them.

5.11 Safety and Security

Employees must promote safety and security within AAI premises. They are required to abide by the safety rules and regulations of AAI.

5.12 Others

5.12.1 Confidentiality

AAI's directors, officers and employees are entrusted with the company's confidential information, as well as the confidential information of the company's affiliate companies, suppliers, customers or other business partners / agents. This information may include (1) technical or proprietary information about current and future services, (2) corporate objectives, business plans or projections, (3) income and other internal financial data, (4) personnel information, (5) suppliers and customer listing, and (6) other non-public information that, if disclosed, might be of use to the company's competitors, or harmful to our suppliers, customers or business partners / agents and in many cases was developed at great expense.

AAI's directors, officers and employees shall:

- not discuss confidential information with or in the presence of any unauthorized persons including family members, relatives, and friends;
- use confidential information only for the Company's legitimate business purposes and not for personal gain, and
- not disclose confidential information to third parties of competitors

5.12.2 Open Door Policy

AAI maintains an open door policy with its employees. Any employee may express his or her disagreement with any decision of his or her superior. If an employee disagrees with a decision of his / her immediate superior and the latter cannot satisfactorily resolve it, he / she should escalate it to a manager or a member of the Sr. Management of the Company. This policy should be used not only for concerns about employment, but also whenever there are concerns or suggestions with respect to this Code of Business Conduct and Ethics, AAI policies or creative ideas which maybe beneficial to the company.

5.12.3 Equal Employment Opportunity

The Company considers human resource as its valuable asset in the organization. It is the company's policy to provide equal employment opportunity for all applicants and employees with respect to race, gender, marital status, religion, or ethnic origin. This policy applies to all areas of employment including recruitment, hiring, training, promotion, compensation, benefits, and transfer. AAI is morally and legally committed to give all persons an equal opportunity for employment and promotion based solely on their individual skills, performance, and the valid qualifications for the position.

5.12.4 Internal Controls and Record Retention

A system of internal accounting controls shall be maintained which is sufficient to provide reasonable assurances that transactions:

- 5.12.4.1 Are executed in accordance with management's authorization

5.12.4.2 Are recorded in a manner that permits preparation of financial statements in conformity with generally accepted accounting principles (GAAP) and international accounting standards (IAS)

5.12.4.3 Are recorded so as to maintain accountability for the company's assets.

No officer or employee acting on behalf of the Company and its affiliates shall engage in any activity which circumvents the company's systems of internal controls.

AAI has a documented procedure on the proper identification, classification, storage and disposition of records. All employees are expected to know what documents and information to keep, and its retention period, based on specific statutory and regulatory requirements of our business operation. This may apply to both electronic records and documents or files. Failure to comply with our records retention policies, even innocently can cause serious business or legal repercussions.

6. OFFENSES AND PENALTIES

6.1 Offenses

6.1.1 Acts or omissions which violate the Company operational procedures.

6.1.2 Acts prejudicial to the interest of AAI, its image, name, property or goodwill, stockholders, officers, employees, clients or the public in general, whether or not these are explicitly defined.

6.1.3 A crime or an illegal act

6.1.4 Acts as enumerated in this Code of Ethics, Personnel Policies or those which are similar thereto.

6.2 Degree of Offenses

The seriousness of an offense is determined by a combination of factors which include the subject matter of the act or omission and the actual harm resulting from the act or omission. The following factors, which may however not be an exclusive enumeration, are usually considered in determining the degree of seriousness of an offense:

6.2.1 First Degree Offenses

- 6.2.1.1 Characterized by wantonness, deliberate intent or gross negligence
- 6.2.1.2 Involve sums of money, confidential information, or what is generally regarded as substantial matter as may be determined by the Company
- 6.2.1.3 Can be occasion for public scandal and consequent erosion of confidence (e.g. dishonesty, habitual drunkenness, immorality)
- 6.2.1.4 Maliciously intended or deliberately planned (whether the intended harm is achieved or not)
- 6.2.1.5 Result in serious financial loss or administrative/operational difficulty, damage to Company property, corporate embarrassment for the Company, or physical harm to its stockholders, officers or employees
- 6.2.1.6 Seriously undermine duly constituted authority
- 6.2.1.7 Gross and habitual disregard for established procedure or neglect of assigned responsibilities
- 6.2.1.8 Loss of major customer

6.2.2 Second Degree Offenses

- 6.2.2.1 Unconcern for the interest of the Company

6.2.2.2 Repeated violations within a relatively short period of time of what otherwise would be a minor offense

6.2.2.3 Culpable commission or omission of an act which results in any of the consequences enumerated in Section 6.2.1 though to a lesser degree, as determined by the Company

6.2.3 Third Degree Offenses

6.2.3.1 Involve an infraction of a rule or procedure which may not result in any of the above consequences (i.e. financial loss, administrative / operational difficulty, damage to Company property, corporate embarrassment or physical harm)

6.2.3.2 An omission or an oversight rather than a positive wrongdoing

6.2.3.3 A mistake or an act of negligence which does not result in a serious inconvenience either to another person or to the Company

6.3 Imposition of Penalties

6.3.1 The penalties indicated for each group of offenses in this Code should under normal circumstances, be the penalties imposed. This is to ensure uniformity in the application of sanctions and to ensure that the disciplinary actions enforced are neither too lax nor too severe.

6.3.2 It is understood that any offense included in this Code, either explicitly or by reference, shall be punishable if it is committed deliberately or through negligence and without justifiable cause or excuse. Unless explicitly stated, the presence of aggravating circumstances shall increase the severity of the penalty, and the presence of mitigating circumstances shall reduce it.

6.3.3 **Mitigating circumstances** shall mean those circumstances by virtue of which the penalty incurred by a person who commits an offense is lessened or made less severe. Such circumstances shall include an

employee's past performance with the Company, his degree of participation, the lack of prior offenses in his record of employment and in general, any circumstances which in the judgment of Management justify the imposition of a penalty less severe than that provided.

6.3.4 **Aggravating circumstances** shall mean those circumstances by virtue of which the penalty incurred by a person who commits an offense is increased or made more severe. Such circumstances shall include the employee's past record of offenses, the frequency of his offenses adverse publicity to the Company caused by the offense and, in general, any circumstances which in the judgment of Management justify the imposition of a penalty more severe than that provided.

6.4 **Kinds of Penalties**

6.4.1 **Verbal Reprimand**

This penalty is an oral warning calling attention to the offense and counseling the offender that repetition of such violation in the future would automatically necessitate the issuance of a written reprimand.

6.4.2 **Written Reprimand**

This penalty is a written notice calling attention to the offense and warning the offender against repetition of such violation in the future. The written reprimand should contain a summary of the events requiring the imposition of this penalty.

Copy of the notice should be acknowledged by the erring employee and made part of his 201 file.

6.4.3 **Suspension**

This penalty is a physical detachment from service for a designated period not to exceed thirty (30) calendar days without pay depending on the gravity of the violation. Suspension deprives the employee of his pay and benefits during the period of suspension. The employee should be given a written notice of the period of suspension indicating the exact dates to be covered and

the particular acts or omissions constituting the grounds for imposition of this penalty.

Copy of notice should be acknowledged by the erring employee and made part of his 201 file.

6.4.4 Dismissal

This penalty is a dishonorable separation from the service of the company where the employee automatically forfeits all benefits which would normally accrue to him on retirement or separation for reasons other than for just cause. The employee should be furnished a written notice stating the particular acts or omissions constituting the grounds for his dismissal.

Copy of notice should be acknowledged by the erring employee and made part of his 201 file.

6.5 Effects of Penalties on Performance Rating and Promotions

Penalties imposed have adverse effects on promotion and performance ratings for a given period. The following effectivity periods are specified to protect employees from being unduly penalized beyond such periods:

PENALTY	EFFECT ON PROMOTION	EFFECT ON PERFORMANCE RATING	EFFECTIVITY PERIOD
Written Reprimand	No promotion	No rating higher than "Satisfactory" or "2"	For 6 months from date penalty was imposed
Suspension of not more than 10 working days	No promotion	No rating higher than "Satisfactory" or "2"	For 18 months from date penalty was imposed
Suspension of more than 10 working days	No promotion	"Unsatisfactory" rating or "1"	For 24 months from date penalty was imposed

6.6 Schedule of Penalties (refer to Annex A)

7. IMPLEMENTATION OF PENALTIES

7.1 Spirit of Implementation

It is important to understand and uphold the spirit behind the implementation of these rules and regulations. Although disciplinary action may be imposed for violation of these rules and regulations, *the overall intent is more of prevention of the infraction rather than the administration of the penalty.* Penalties should be resorted to only to the extent necessary. Sanctions should be imposed to restore discipline and to correct improper conduct and should never serve as a mere reprisal.

All employees must be given due process. In the investigation of cases, the responsible authorities should be impartial and open-minded to ensure uniformity and fairness in the imposition of penalties. Action must be timely, but circumspect.

7.2 General Guidelines

7.2.1 Summary Proceedings

Administrative investigations and other proceedings shall be expeditiously conducted and shall be summary in nature. They shall not be governed by the strict technical rules of procedure or by the rules on evidence applied in judicial proceedings. However, the findings of administrative investigations shall be based on such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.

7.2.2 Timeliness of Penalties

Disciplinary action or penalties, when found warranted by evidence and after observing due process, should be imposed immediately or as soon as possible after the offense is committed or discovered.

7.2.3 Uniformity of Penalties

Discipline shall be imposed consistently. It shall be applied uniformly to offenders similarly situated regardless of rank or position within the Company. The same sanctions shall be applied on any offender for offenses committed under similar facts and circumstances. Like penalties shall be imposed for like

offenses; unless by reason of the employee's prior record of offenses and the progressive nature of penalties, a graver penalty should be meted.

7.2.4 Imposition of Discipline

The imposition of disciplinary action and of penalties shall be impersonal. Disciplinary actions and penalties are directed at the offender's punishable acts or omissions, not at his person or personality. As a rule, the offense alone, together with mitigating and/or aggravating circumstances, shall be the measure of the penalty to be imposed.

7.2.5 Restitution/Forfeiture of Benefits

Restitution may be imposed independently or together with any other penalty in case of loss or damage to the property of the Company, its employees, clients or other parties doing business with the Company. The Company may recover the amount involved by means of salary deduction or whatever legal means that will prompt offenders to pay the amount involved. But restitution shall in no way mitigate the penalties attached to the violation or infraction.

Forfeiture of benefits / privileges may also be affected in cases where infractions or violations were incurred in connection with or arising from the application/availment thereof.

7.2.6 Cumulative Record

An employee's record of offenses shall be cumulative. The penalty for an offense shall be determined on the basis of his past record of offenses of any nature, or the absence thereof. The more habitual an offender has been, the greater shall the penalty be for the latest offense. Thus an employee may be dismissed if the number of his past offenses warrants such penalty on the judgment of Management even if each offense considered separately may not warrant dismissal. On the other hand, due regard shall be given to the length of time between commissions of individual offenses to determine whether the employee's conduct may indicate

occasional lapses (which may nevertheless require sterner disciplinary action) or a pattern of incorrigibility.

7.2.7 Right to Hearing and Defense

An employee shall be informed, within reasonable time and in writing, of his alleged misconduct or infractions. Any employee charged with an offense shall be afforded ample opportunity to be heard.

7.3 Implementation of Disciplinary Action

The immediate supervising officer is responsible for implementing the approved disciplinary action.

8. REPORTING CBCE VIOLATIONS / RESOLUTION OF CONFLICT

Compliance Officer and the HR Manager will collaborate in handling the violations of the CBCE and resolving conflict unresolved at department level from investigation to administration of sanctions.

8.1 Reports of Violation or Conflict

Any employee or supplier of AAI-GOC is expected to report any suspected violation of the AAI CBCE including, but not limited to cases of "conflict of interest" as well as conflict unresolved at department level to the HR Manager.

The Report shall contain the following details as appropriate:

- Complainant Details: Name, Affiliate / Company Name, Position, Contact Details (E-mail, Mobile #)
- Respondent Details: Name of the Employee/s being complained, Affiliate / Company Name, Position
- Details of the alleged violation/s (Cite the actual code being violated) or unresolved conflict and the date of the alleged violation or occurrence of conflict
- Attach any evidence/s that could help support the allegation.

8.2 Complaint Process

- 8.2.1 All received reports shall be treated as confidential in nature, to the fullest extent possible to protect the complainant.
- 8.2.2 A fair and comprehensive investigation shall be conducted by the Compliance Officer for all reported violations of the AAI Code of Business Conduct and Ethics.
- 8.2.3 Result of the investigation shall be presented to the Ethics Committee (consisting of Compliance Officer, HR Manager and Sr. Management member of the erring employee for deliberation and decision.
- 8.2.4 Resolution to the case shall be made and documented by the Ethics Committee.
- 8.2.5 For sexual harassment cases, the Employee Representative and Security Officer shall join the Ethics Committee from investigation to resolution.

9. OTHERS


- 9.1 Penalties imposed by law for the infractions or violations of ordinances, decrees or other laws or regulations shall not be a bar to the imposition of the internal Company sanctions; likewise, any Company sanction shall not be a bar to legal remedies, where warranted.
- 9.2 Restoration of monetary losses or repair of damage to property should always be stated clearly in the memorandum imposing the disciplinary action.
- 9.3 Implementing authorities must furnish HR with original copies of notices of disciplinary action for 201 files so that their effects on promotions and performance ratings may be monitored.
- 9.4 The Company reserves the right to impose penalties for violations not enumerated above, on a case-to-case basis.
- 9.5 Management, in the exercise of its sole and exclusive prerogative, may add, delete, amend and/or revise this Code.

9.6 Where the offense involved partakes of the nature of a criminal offense, HR shall notify Legal Counsel / Ethics Committee of the case in writing. The Legal Counsel / Ethics Committee shall have the responsibility of coordinating with the Company's external counsels.


10. EFFECTIVITY

This Revision takes effect on 02 July 2018. All standing policies and work rules not inconsistent herewith shall supplement this Code.

Prepared by:


SHARON B. CRUZ
HR Officer

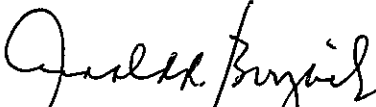
Reviewed by:


ERNESTO P. LUCIDO, JR.
SVP – Human Resource

Concurred by:


ABRAHAM MARDI C. DIKIT
President, A2Z Logistics Inc


ALLAN R. BRIZUELA
President, AAI Logistics Cargo Express Inc


ARNOLD R. BRIZUELA
*President, AAI Holdings Inc
AAI Worldwide Logistics, and
AAI + Peers Inc*

Approved by:


RICO V. BRIZUELA
Chairman