



AVEGA BROS INTEGRATED SHIPPING CORP.

Policies and Procedures Manual

Human Resources

PROGRAM TITLE	HUMAN RESOURCES
PROCESS TITLE	Employee Discipline and Code of Conduct

AVega Bros Integrated Shipping Corp cultivates a working environment that fosters and upholds a high level of self-discipline among its employees. The Company believes that the ultimate responsibility for meeting capable standards of conduct and performance rests on each employee. Thus, this manual on Employee Discipline and Code of Conduct is designed to complement the inherent goodness of every employee and the capability in conducting himself uprightly through self-discipline.

CHAPTER I GENERAL PROVISIONS

- Section 1 The Company expects each employee to observe reasonable standards of conduct in the performance of his work, in his relationship with fellow employees, and in his dealings with clients and business partners.
- Section 2 The Company have established certain standards of conduct which are consistent with the Company's vision, mission, values and government policies and regulations to affirm high standards of excellence, integrity and fairness; necessary to promote harmonious and productive relationship among employees, clients and business partners.
- Section 3 This Company manual on Employee Discipline and Code of Conduct aims to guide and support employees in identifying, considering, understanding, and appropriately responding, to the business ethics required in the workplace.

CHAPTER II STANDARDS OF CONDUCT AND BEHAVIOR

Section 1 Conflict of Interest

1. Every employee shall be expected to avoid business, financial, or other direct or indirect, interests or relationships, which conflict with the interests of the company; or, which divide his loyalty to the company.



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2. Any activity which appears to present such a conflict shall be avoided or terminated; unless, after disclosure to the appropriate level or management, it is determined that the activity is not harmful to the company, or otherwise improper.
3. Each employee shall be obliged to disclose his own conflict, or any appearance of a conflict of interest, for proper review and evaluation by management.

Section 2 Corporate Opportunities

1. All employees shall be prohibited from taking, for themselves, personal opportunities that are discovered through the use of corporate property, information, or position; using corporate property, information, or position, for personal gain and competing with the company.

Section 3 Report On Illegal or Unethical Behavior

1. Any employee, who in good faith, believes that anyone acting on behalf of the company is not acting legally or ethically, shall strongly be encouraged to bring this to the attention of management immediately. If any such circumstances arise, it shall be communicated to the employee's Department Head.
2. The company shall not allow retaliation against any employee who raises a concern on illegal or unethical behavior.

Section 4 Fair Dealing

1. It shall be against company policy to take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.
2. Sale of the company's products and services, and purchases of products and services of suppliers, shall be made solely on the basis of quality, price and service, and never on the basis of giving or receiving payments, gifts, entertainment or favors.
3. Any employee or representative who offers, or approves the offer of a business courtesy shall insure that it is ethical and proper in all respects and that it cannot reasonably be interpreted as an attempt to gain an unfair business advantage and it does not reflect badly on the company's reputation.

Section 5 Confidentiality

1. Disclosure of confidential or proprietary information which could be harmful to the company and its customers, and, in certain circumstances, shall be illegal.



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2. Disclosing information of a confidential or proprietary nature outside of the company, or within the company other than to individuals who have a need to know such information to discharge their duties, shall be prohibited.
3. An employee, who knows important information about the company that has not been disclosed to the public, shall keep such information confidential.

Section 6 Equal Opportunity

1. The company shall ensure equal employment opportunity, without discrimination or harassment on the basis of religion, sex, age, disability, citizenship, marital status, sexual orientation, or any other characteristic protected by law, as long as, the applicant or employee is competent and qualified for the job.

Section 7 No Discrimination or Harrassment

1. Each employee shall have the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Therefore, the company expects that all relationships among persons in the workplace shall be business-like and free of bias, prejudice, and harassment.

Section 8 Accuracy and Completeness of Records

1. Compliance with generally-accepted accounting principles and the company's internal systems of accounting controls shall be required at all times.
2. Any intentional falsification of any book, record, or account, or the intentional submission of any false personal expense statement, claim for reimbursement of a non-business expense, or false claim for an employee benefit plan payment, shall be strictly prohibited.
3. No payment shall be approved or made with the agreement or understanding that any part of such payment is to be used for any purpose other than that described by documents supporting the payment

Section 9 Protection and Proper Use of Company Assets

1. It shall be the responsibility of all employees to safeguard company and customer assets, including intellectual property.
2. The use of company time, materials, assets, or facilities, for purposes not directly-related to company business shall be prohibited.



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3. No company funds or assets shall be used for any unlawful purpose. No employee shall purchase privileges or special benefits through payment of bribes, illegal political contributions, or other illicit payments.

Section 10 Political Contributions

1. No funds, personnel, materials, or services of the company shall be donated, in any way, in the political campaign of any candidate for any public office, unless approved by management.

Section 11 Each employee shall be expected to comply with the manual on Employee Discipline and Code of Conduct. Failure to comply shall be grounds for corrective action, including dismissal, as the case warrants.

Section 12 Supervisors and Managers shall be expected to oversee compliance of this manual by those people whom they supervise.

Section 13 Instances of non-compliance of this manual shall be reported to the HR Department or Department Head of the company.

Section 14 Department Heads shall take responsibility for the conduct of employees and make sure that any serious misconduct, recurrent or widespread, shall be dealt with appropriately. This shall include identifying and addressing those activities which may involve ethical issues covered by a specific manual and/or policy

Section 15 HR Department shall insure that the company's manual on Employee Discipline and Code of Conduct is communicated clearly and that copies of this manual shall be available to all employees. This shall also be included in the sign-on documentation for new employees.

CHAPTER III PROGRESSIVE DISCIPLINE

Progressive discipline aims to correct unacceptable behavior rather than punish employees. Disciplinary actions are based on the concepts of progressive and cumulative discipline. Should an employee violate policies, rules and regulations of the company, disciplinary actions are imposed, as much as possible, in progressively increasing weight, after an employee has been given the opportunity to be heard or after due process has been given. Depending on the history, circumstances and gravity of the situation, immediate superiors shall take corrective action in the form of verbal counseling, written counseling, disciplinary leave and dismissal.

Progressive disciplinary action, 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.



CHAPTER IV DISCIPLINARY MEASURES/CORRECTIVE ACTIONS

- Section 1 Verbal Reprimand. This is a verbal warning administered to an employee through the form of counseling which is properly documented by the Immediate/Department Head.
- Section 2 Written Reprimand. The employee is furnished with a copy of a formal notice in writing. The Department Head shall hold a meeting with the employee and discuss the corrective action and necessary support for employee to improve and correct the act or omission to conform to the acceptable standard of behavior.
- Section 3 Disciplinary Leave. This is a compulsory and temporary absence of the employee for a certain number of working days on a no-pay status as a result of a cumulative, repeated violation of a company rule or a serious offense that requires more drastic action. Temporary absence shall allow an employee to contemplate, plan, and adopt a resolution and specific course of action to correct the act or omission to conform to the acceptable standard of behavior.
- Section 4 Dismissal. This is the most severe form of discipline, where the employee separates from the Company. It only becomes necessary as a result of a very serious potential or actual damage to the company or when all attempts to correct the misconduct have failed after doing necessary counseling, advise, and coaching.

CHAPTER V CLASSIFICATION AND CATEGORIES OF UNACCEPTABLE CONDUCT AND BEHAVIOR

- Section 1 Unacceptable conduct and behavior shall be classified according to their nature as follows:
- I. Use of Time Cards and Attendance Sheets
 - II. Attendance and Punctuality
 - III. Conduct and Performance of Duties
 - IV. Maintenance of Clean, Safe Environment and Working Conditions
 - V. Other Offenses
- Section 2 Unacceptable conduct and behavior shall further be categorized according to their severity. The corrective actions for each category shall be as provided for in the table shown below:

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TABLE OF CORRECTIVE ACTIONS

Category	1st Offense	2nd Offense	3rd Offense	4th Offense	5th Offense
A	Written Reprimand	7 Days Disciplinary Leave	15 Days Disciplinary Leave	30 Days Disciplinary Leave	Dismissal
B	7 Days Disciplinary Leave	15 Days Disciplinary Leave	30 Days Disciplinary Leave	Dismissal	
C	15 Days Disciplinary Leave	30 Days Disciplinary Leave	Dismissal		
D	30 Days Disciplinary Leave	Dismissal			
E	Dismissal				

CHAPTER VI**TABLE OF UNACCEPTABLE CONDUCT AND BEHAVIOR****Article I. Use of Time Card & Attendance Sheet**

Section	Unacceptable Conduct and Behavior	Category
1	Failure to punch time cards or log-in and/or out using the biometrics device through inadvertence or negligence.	A
2	Refusal to punch time cards or log-in and/or out using the biometrics device, and other acts analogous to the foregoing	B
3	Deliberately recording the time of another employee or having one's attendance entered by a fellow employee while the other is actually inside the premises. If the other employee is not actually inside the premises, such action shall be considered as falsification of record	C D
4	Unauthorized removal, destruction, loss of and/or damage to time card, attendance sheet, or similar device, and other acts analogous to the foregoing. a) If act is intentional b) If act is due to negligence	D A

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5	Unauthorized alterations, or falsification of entries in time cards, attendance sheet, or similar device, and other acts analogous to the foregoing.	E
6	Violations of any of the foregoing sections (Article 1, Sections 1 to 4) committed by one who is in charge of or responsible for the implementation of the Company rule on timekeeping and/or payroll.	D
7	Violations of Article 1, Section 5 committed by one who is in charge of or responsible for the implementation of the Company rule on timekeeping and/or payroll.	E

Article II. Attendance and Punctuality

Section	Unacceptable Conduct and Behavior	Category
1	Habitual, excessive and unexcused tardiness from work, equivalent to arriving late for more than thirty (30) minutes; or for more than sixty (60) minutes accumulated in one (1) payroll period; or more than four (4) times regardless of minutes of tardiness in one (1) payroll period	A
2	Absence Without Permission or Without Leave. One (1) day is counted as one (1) offense.	A
3	Over-breaking or failure to return to work area on time after the employee's prescribed or authorized break period.	A
4	<p>Loafing or loitering within Company premises, abandoning, quitting or leaving work/post without permission during working hours or before time off, and other acts analogous to the foregoing.</p> <p>a) Where the Company sustains no damage or incurs no loss.</p> <p>b) Where the Company sustains damage and/or loss, or where injury is sustained by co-employees or third person.</p> <p>1. Where the amount involved is P10,000.00 or less.</p> <p>2. Where the amount involved is more than P10,000.00 but less than P30,000.00.</p> <p>3. Where the amount involved is P30,000.00 or more.</p> <p>The total amount of damage and/or loss shall be restituted by the employee.</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
5	Using company time and/or material and/or equipment to do unauthorized work within or outside the company premises, for personal gain which includes using company time and facilities in personal dealership, selling and other non-work related activities	B
6	Unauthorized disembarkation and/or jumping ship	E

Section	Unacceptable Conduct and Behavior	Category
1	Sleeping within Company premises while on or off duty.	A
2	Malingering, feigning illness as an excuse for absenteeism and or to avoid doing assigned work.	B
3	Causing loss of time and money to the company due to neglect of duty, or persistently doing unsatisfactory work The total amount of damage and/or loss shall be restituted by the employee.	C
4	Failure to meet the required level of performance for two (2) periodic reviews	E
5	Fighting / Provoking or instigating a fight or inducing others to fight, with co-employees, customers, dealers, and suppliers; inflicting death or physical injury on any employee or person within Company premises, or outside of Company premises due to work and/or has relation to work or company activities: a) Where the act causing death or injury is willful or deliberate. b) Where the act causing death or injury is due to negligence or imprudence. 1. Negligence resulting to death. 2. Negligence resulting to injury c) Where as a consequence of the act causing injury, the Company is exposed to or incurred loss or damage. 1. If amount of exposure or damage/loss is less than P30,000. 2. If amount of exposure or damage/loss is P30,000 or more. The total amount of damage and/or loss shall be restituted by the employee.	E
6	Acts of grave disrespect, use of foul, obscene, abusive, or threatening language or signs against any superior, subordinate and/or co-employee, including customers, dealers or suppliers, within or outside Company premises, either obstructing or not the operation or other employees from performing work	C
7	Abuse of authority; Unauthorized actions clearly in excess of one's authority such as but not limited to, acts of disbursing, releasing or authorizing disbursement of company funds without written authority by one's superior or similar acts that go beyond or outside his authority or responsibility, where the interest of the company is prejudiced	D
8	Insubordination or willful disobedience in complying with, or carrying out, reasonable and valid orders or instructions of superiors;	C



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9	Refusing to accept job assignments without justifiable reason	D
10	<p>Causing damage to the property of the Company, co-employees, third persons, or death or injury, while using, or having in his custody or possession Company vehicles, equipment, forklifts, and the like.</p> <p>a) Where the damage to property is due to negligence and;</p> <ol style="list-style-type: none"> The amount of damage/loss is P10,000 or less The amount of damage/loss is more than P10,000 but less than P30,000 The amount of damage/loss is more than P30,000 <p>b) Where death and injury is due to negligence</p> <p>c) Where death or injury is willful or deliberate</p> <p>The total amount of damage and/or loss shall be restituted by the employee.</p>	<p>B</p> <p>C</p> <p>D</p> <p>D</p> <p>E</p>
11	<p>Unauthorized driving or allowing unauthorized persons to drive/ride or use Company vehicle. This is subject to the "Company Service Vehicle Policy".</p> <p>a) Where there is no loss or damage to the Company.</p> <p>b) Where there is damage to property;</p> <ol style="list-style-type: none"> The amount of damage/loss is P10,000 or less The amount of damage/loss is more than P10,000 but less than P30,000 The amount of damage/loss is more than P30,000 <p>c) Where the act resulted to death or injury</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p> <p>D</p>
12	<p>Alteration or removal, without authorization, of any property of the company or of other employees resulting in;</p> <ol style="list-style-type: none"> Death or Irreparable damage If the total amount of repairing the damage is P10,000.00 or less. If the total amount of repairing the damage is P10,000.00 but not more than P30,000.00. If the total amount of repairing the damage is over P30,000.00 	<p>E</p> <p>B</p> <p>C</p> <p>D</p>

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13	Unauthorized substitution of company material or equipment with another or of poorer quality, or of lesser value	E
14	Obtaining supplies or materials on fraudulent orders. Note: This implicates any other person conniving or in collusion with the employee doing it.	E
15	<p>Neglecting or refusing, after due demand or notice, or as provided by existing policies without justifiable reasons, to remit, pay, reimburse or liquidate any money, collection or cash advance, or return and/or deliver goods, or other properties entrusted to him by the company, or received by him from customer or their representative for his administration or under any other obligation to make delivery of or return the same</p> <p>The total amount of obligation shall be restituted by the employee.</p>	E
16	Fictitious transaction; falsification of Company records or failure to ensure the accuracy of Company records, including but not limited to personal data or any information concerning personal circumstances and qualifications with intent to mislead, misrepresent, or conceal information; using falsified records for personal gain or benefit or committing such acts with deliberate intent to defraud the company	E
17	Tampering of invoices, official receipts and any other similar document for reimbursement/liquidation; and/or willful or deliberate submission or use of fraudulent, fictitious, tampered documents.	E
18	Using Company funds, assets, or co-employees' property to cover up for anomalies or other offenses committed.	E
19	Theft, robbery, unauthorized taking or appropriation for personal gain, or profit of any property of the company or of a fellow employee or a client or customer of the company, regardless of the amount involved	E
20	Swindling or malversation (estafa) of funds or property of the company or of a fellow employee or of a client of the company	E
21	Conspiring or conniving with others to use Company funds, assets or property to cover up anomalies or other offenses committed.	E
22	Borrowing money, goods/merchandise from customers, suppliers and subordinates; engaging in the business of money lending to employees while on duty or within Company premises.	C
23	Soliciting and/or accepting money or any gift, present, share, percentage or benefit for himself or any other person for services and/or decisions rendered in connection with any contract or transaction between the Company and any other party constituting bribery or unethical procedure or action; Favoring suppliers, customer or any other person in consideration of kickbacks, personal rebates or any valuable consideration	E
24	Directly or indirectly having financial or pecuniary interest in any business, contract or transaction in connection with which he intervenes or takes part in his official capacity	E

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25	Holding any position or employment with or without compensation in any other business firm which is engaged in similar line of business with the company	E
26	Indecent acts and other acts of lasciviousness; sexual activities carried out within Company premises; solicitation of sexual favors by superiors to subordinates, or employees to customers or suppliers, employee to co-employee; and other acts of sexual harassment as defined by law.	E
27	Disgraceful or immoral conduct which causes embarrassment to the Company or tends to destroy or besmirch the Company's image or reputation.	D
28	Use, possession, sale, transfer, distribution, or purchase of illegal drugs and/or their derivatives such as, but not limited to, marijuana, opium, heroin, methamphetamine hydrochloride ("shabu"), and other substance of similar nature or paraphernalia at anytimewithin Company premises.	E
29	Reporting for work under the influence of any illegal drugs; and/or habitual use of controlled drugs except for medical purposes as prescribed in writing by a medical doctor	E
30	Having been found positive after confirmatory test of the use of prohibited drugs.	E
31	Refusal to submit to random drug test as required by the Company.	E
32	Reporting for work under the influence of liquor or alcoholic drinks.	E
33	Drinking or bringing in any liquor, intoxicating drinks into company premises or on company sponsored activities	C
34	Unauthorized posting, distributing, drawing and/or posting Company premises with obscene, pictures/graffiti; or posting, destruction or tampering of, removing from, the Company bulletin boards any printed, drawn, written or published materials without authorization of authority and/or other acts of vandalism.	A
35	Distribution, posting, publication, circulation of any material/ document which tends to destroy or besmirch the Company's image or reputation.	E
36	Giving of, supplying and disclosing to unauthorized person or the competitors, classified secrets and other confidential materials, information, data or documents relating to Company's operations, programs, formulae, processes, market studies, surveys and other Company classified/restricted/confidential information, or other data, documents, information similar to those enumerated herein.	E
37	Pirating software, stealing copyright materials and passwords, sharing of passwords, hacking; spreading of computer virus, Trojans, worms, or any malicious software to the Company's system.	E
38	Giving false testimonies in any investigation being conducted in relation to any incidents or occurrences within the Company	C

Section	Unacceptable Conduct and Behavior	Category
1	Reporting to work without complete uniform and company ID	A
2	Borrowing or loaning of Employee I.D.	B
3	Failure to observe personal hygiene practices which compromise company interest and/or service quality	A
4	Committing acts against proper sanitation, good hygiene and good housekeeping such as but not limited to littering, hanging of personal belonging in any company premises not intended thereof, eating in restricted areas, urinating and defecating in areas outside the lavatories and any other similar cases.	B
5	Refusal or failure to undergo annual physical examination as scheduled.	A
6	<p>Smoking outside the officially designated areas</p> <p>a) Where the Company sustains no damage or incurs no loss.</p> <p>b) Where the Company sustains damage and/or loss, or where injury is sustained by co-employees or third person.</p> <p>1. Where the amount involved is P10,000.00 or less.</p> <p>2. Where the amount involved is more than P10,000.00 but less than P30,000.00.</p>	<p>A</p> <p>B</p> <p>C</p>



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	<p>3. Where the amount involved is P30,000.00 or more.</p> <p>The total amount of damage and/or loss shall be restituted by the employee.</p>	D
7	Reporting for work while having a contagious disease which may endanger the health of other employees, knowing about it, yet failing to report or willfully withholding information thereof to company authorities	D
8	Forced or unauthorized entry into an office or premises of the company including entering restricted areas without permission	C
9	Unauthorized embarkation of an employee or any other person on board vessels	D
10	Bringing in and planting any type of plant on board vessels	B
11	Bringing in of animals and livestock on board vessels and inside any company premises	C
12	Unauthorized carrying or illegal possession of firearms, explosives, and other bladed or deadly weapons and/or paraphernalia within Company premises to include leased premises.	E
13	<p>Refusal or failure to wear prescribed protective gear; or analogous case;</p> <p>a) Where the Company sustains no damage or incurs no loss.</p> <p>b) Where the Company sustains damage and/or loss, or where injury is sustained by co-employees or third person.</p> <p>1. Where the amount involved is P10,000.00 or less.</p> <p>2. Where the amount involved is more than P10,000.00 but less than P30,000.00.</p> <p>3. Where the amount involved is P30,000.00 or more.</p> <p>The total amount of damage and/or loss shall be restituted by the employee.</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
14	Unauthorized/unjustified use of any safety and/or protection equipment; Operating and/or tampering switches, controls or safety and/or protection equipment without authorization.	C

Article V. Other Offenses

Section	Unacceptable Conduct and Behavior	Category
1	<p>Disregard of or deviation from established control and other policies and procedures including but not limited to the care, custody and/or use of Company property, funds or equipment; or similar acts of omissions.</p> <p>a) Where the Company sustains no damage or incurs no loss.</p>	A



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	<p>b) Where the Company sustains damage and/or loss, or where injury is sustained by co-employees or third person.</p> <ol style="list-style-type: none"> Where the amount involved is P10,000.00 or less. Where the amount involved is more than P10,000.00 but less than P30,000.00. Where the amount involved is P30,000.00 or more. <p>The total amount of damage and/or loss shall be restituted by the employee.</p>	<p>B</p> <p>C</p> <p>D</p>
2	<p>Other acts of negligence or inefficiency in the performance of duties or in the care, custody and/or use of Company property, funds and/or equipment.</p> <ol style="list-style-type: none"> Where the Company sustains no damage or incurs no loss. Where the Company sustains damage and/or loss, or where injury is sustained by co-employees or third person. <ol style="list-style-type: none"> Where the amount involved is P10,000.00 or less. Where the amount involved is more than P10,000.00 but less than P30,000.00. Where the amount involved is P30,000.00 or more. <p>The total amount of damage and/or loss shall be restituted by the employee.</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
3	<p>Any conduct which causes or tends to cause disorder, disrupts work, annoys, vex, creates scandal or disturbance within Company premises.</p> <ol style="list-style-type: none"> Where the Company sustains no damage or incurs no loss. Where the Company sustains damage and/or loss, or where injury is sustained by co-employees or third person. <ol style="list-style-type: none"> Where the amount involved is P10,000.00 or less. Where the amount involved is more than P10,000.00 but less than P30,000.00. Where the amount involved is P30,000.00 or more. <p>The total amount of damage and/or loss shall be restituted by the employee.</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
4	<p>Revealing and/or discussing one's or other employee's salary to others, other than the employee's immediate superior or HR</p>	<p>B</p>
5	<p>Failure of an immediate superior to investigate, process, or otherwise act on any violation of the Employee Discipline and Code of Conduct; failure to</p>	<p>C</p>



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	cooperate or participate in any investigation process; false reporting or accusations, or giving false testimonies during the conduct of the investigation.	
6	Breach of trust or loss of confidence as defined by law. <i>(Depending on the gravity of the offense, the position of the employee, and the degree of trust placed on the employee).</i>	A to E

CHAPTER VII DISCIPLINARY ACTION DUE PROCESS

Section 1 This article illustrates the legal requisites and procedural due process which shall be fulfilled, completed and satisfied prior to the implementation of any disciplinary action. In any case of grievance an employee may have against the disciplinary action imposed upon him shall be settled on a different venue through a grievance machinery.

Section 2 To ensure that the procedural due process is observed, the following actions must be carried out:

1. Within twenty four (24) hours from the time of the incident pertaining to the employee's alleged infraction, Immediate Head shall conduct a preliminary investigation and submit an Incident report to Department Head and HR Department.

After the preliminary investigation, if Immediate Head determines a cause for disciplinary action, a Notice to Explain (NTE) shall be drafted and shall be forwarded to HR Department for concurrence. The following pertinent information shall be clearly specified in the Notice to Explain;

- a. The place and time where the alleged act or omission is committed
- b. Description of the alleged act or omission of the employee which constitutes a violation of the Employee Discipline and Code of Conduct
- c. Witness/es to the alleged act or omission, if any
- d. The particular provision of the Employee Discipline and Code of Conduct which has been allegedly violated by the employee and its probable corrective action for imposition if proven guilty
- e. A direct instruction to the employee to explain his side in writing within five (5) working days from the receipt of the report, with the warning that if the employee fails or refuses to submit a written explanation within the stated time period, he shall be deemed to have waived his right to explain and has admitted the commission of the alleged act or omission



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2. HR Department reviews the draft Notice to Explain and ensures that it complies with the legal requisites of due process. Upon concurrence, HR releases the final Notice to Explain to the Immediate Head for implementation.
3. Immediate Head serves the NTE to the concerned employee and instructs him to acknowledge its receipt by signing his name and writing down the date and time when the notice is received. Immediate Head shall ensure that the concerned employee understands the rationale for the Notice to Explain.

Should the employee refuse to sign and accept the Notice to Explain served, the Immediate Head notes down in the NTE, "*refused to receive*", and have it signed by an employee who witnessed the employee refusing to accept the NTE. Immediately after, the Immediate Head in coordination with HR shall mail the NTE with "*refused to receive*" to the employee's last known address through a registered mail and courier with return card.

4. Immediate Head in coordination with HR shall schedule and conduct an Administrative Hearing, whether employee has submitted or not his written explanation. At least five (5) days prior to the scheduled Administrative Investigation, the Immediate Head shall serve a Notice of Administrative Hearing (NOAH) to the employee, where the employee shall receive and acknowledge.

During the said administrative hearing, the employee will be confronted by the witnesses and with all evidence against him. Minutes of the meeting/hearing shall be taken. The panel members of the administrative hearing shall be the Immediate Head, Department Head, HR and a representative from a concerned department. At the conclusion of the hearing, the Immediate Head in consultation with the panel members shall evaluate the case if disciplinary action is warranted.

Within three (3) days after the administrative hearing the Immediate Head shall draft the Notice of Decision (NOD) and submit to HR, supported with case recommendation documented through Disciplinary Action Recommendation (DAR).

The setting and scheduling of an administrative investigation which must be conducted not later than fourteen (14) working days after the receipt of the said Notice but not earlier than seven (7) working days thereafter, and which the employee must be required to attend.

5. Upon receipt of the DAR and draft of the Notice of Decision (NOD), HR shall review the draft NOD and merits of the case. After HR's concurrence, the draft NOD shall be submitted to Management for approval within five (5) days. However, for Termination of employment, the draft NOD shall be



forwarded to the Company Lawyer for concurrence prior to submission to Management for approval.

The Notice of Decision shall contain the following:

- a. A summary of the results of the investigation conducted on the employee's violation. This should include the description of the act or omission of the employee which constituted a violation of the Employee Discipline and Code of Conduct, the place and time where the act or omission was committed, and the witness/es to the act or omission, if any.
 - b. The particular provision of the Employee Discipline and Code of Conduct which has been violated by the employee's act or omission
 - c. The disciplinary action that is being imposed on the employee, including the inclusive dates of the suspension, if any. Otherwise, it shall state acquittal of employee of the alleged infraction/violation.
6. Upon approval of the NOD, HR releases it to the Immediate Head for implementation.
7. Immediate Head serves the approved NOD to employee and instructs him to acknowledge its receipt by signing his name and writing down the date and time when the notice is received. Immediate Head shall ensure that the concerned employee understands the rationale of the NOD.

Should the employee refuse to sign and accept the Notice of Decision served, the Immediate Head notes down in the NOD, "*refused to receive*", and have it signed by an employee who witnessed the employee refusing to accept the NOD. Immediately after, the Immediate Head in coordination with HR shall mail the NOD with "*refused to receive*" to the employee's last known address through a registered mail and courier with return card.

8. In instances where employee no longer reports for work or on Absence Without Leave, all documents relating to due process shall be served in both ways;
 - a. Personal service at the employee's last known address, where Immediate Head executes a duly notarized Affidavit of Service after
 - b. Mail to employee's last known address through registered mail and courier with return card



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Section 3 In appropriate cases, especially if the offense committed is grave and the evidences are strong against the employee, and/or where the employee's continuous presence poses an imminent or actual danger to person and property, the employee charged may be preventively suspended pending investigation of his case for a period not to exceed 30 days.

If the case is not resolved within the said 30-day period, or the preventive suspension has already lapsed without any resolution yet, the employee shall be reinstated to work with pay. And if the employee, after hearing and investigation, is found to be innocent and is exonerated, he shall be paid back wages for all the days that he was under preventive suspension.

Section 4 All documents, notices, decisions, orders, minutes and other papers generated as a result of, or in connection with a disciplinary case shall form an integral part of the employee's 201 files.

CHAPTER VIII DETERMINING DISCIPLINARY ACTION

Section 1 To determine appropriate disciplinary action, the Department Head shall do the following in consultation with the HR Department:

1. Evaluate facts of the case and gather further information to establish aggravating and mitigating circumstances.
2. Recommend disciplinary action according to the aggravating and mitigating circumstances.

Section 2 Aggravating circumstances are those that tend to increase the seriousness/gravity of the offense and merit increasing the disciplinary actions. Aggravating circumstances are as follows:

1. Employee has a previous record of similar offenses within the prescriptive period
2. Employee has been guilty of multiple or habitual misconduct or habitualness.
3. Employee has caused the company great amount of damage or loss.
4. Employee is motivated by a reward or a promise of a reward in the commission of the offense.
5. Employee has benefited from the offense.



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6. Employee occupies a position of trust and confidence such as those entrusted with safeguarding company funds and properties.
7. Employee has a poor performance record.
8. Employee is under the influence of drugs or alcohol when he committed the offense.
9. Employee has premeditated the commission of the offense.
10. Employee has imposed his position upon a subordinate to commit an offense.

Section 3 Mitigating circumstances are those that tend to lessen the seriousness/gravity of the offense and merit decreasing disciplinary actions. Mitigating circumstances are as follows:

1. Employee has been in the services of the company for a relatively long period of time.
2. Employee has not committed a similar offense for the last five (5) years.
3. Employee has above average to excellent performance record.
4. Employee has not caused substantial damage or loss to company.
5. Employee did not benefit from the offense.
6. Employee admitted the guilt spontaneously.
7. Employee did not have the intent to defraud.
8. Employee erred in his judgment.
9. Employee followed a wrong order of a superior in good faith or under threats, intimidation or duress.
10. Employee is provoked to commit the offense.



CHAPTER IX IMPOSITION OF DISCIPLINARY LEAVE

- Section 1 The imposition of disciplinary leave shall be consecutive.
- Section 2 Where unacceptable conduct or behavior proceeds from a series of acts or incidents involving two or more distinct infractions, the more severe disciplinary action for these infractions shall be imposed and served.

CHAPTER X PRESCRIPTIVE PERIODS OF CORRECTIVE ACTIONS

- Section 1 For purposes of determining the continuity of successive infractions of similar nature, an employee may be considered cleared of previous misconduct or misbehavior if, within a prescribed period counted from the date of the commission of the last offense, an employee has not committed any other offense of similar nature.

The prescriptive period for offenses shall be as follows;

1. For minor offenses (Category A), a period of 24 months since the commission of the immediately preceding offense.
2. For major offenses (Category B, C and D), a period of 60 months since the commission of the immediately preceding offense.

For purposes of this section, a minor offense is one which is punishable by Written Reprimand on 1st Offense. A major offense is one which is punishable by 7 Days Suspension on 1st Offense.

- Section 2 If an employee commits another offense of a similar nature before the prescribed period of his previous offense has elapsed, the new offense shall be considered as a continuation of his previous offense. However, if an employee commits another offense of similar nature after the prescriptive period has elapsed, the new offense shall again be considered as a 1st Offense.



CHAPTER XI EFFECTIVITY

- Section 1 This manual on Employee Discipline and Code of Conduct shall take effect on 01 February 2018.
- Section 2 All previously issued rules and regulations, orders, directives, memoranda, instructions, notices and circulars shall continue to have force and effect unless the same are in conflict with the provisions of this manual on Employee Discipline and Code of Conduct in which case the former are deemed accordingly amended, modified or repealed as the case may be.
- Section 3 Other rules and regulations, orders, directives, memoranda, instructions, notices, and circulars issued supplemental or in addition to, modifying, implementing, interpreting or repealing any provisions of this manual on Employee Discipline and Code of Conduct shall take force and effect as of the date provided in such issuances. In the absence of such effectivity date, such issuances shall become effective from and after forty-eight (48) hours after its posting in the proper bulletin boards.

CHAPTER XII ACCEPTANCE OF THIS MANUAL ON EMPLOYEE DISCIPLINE AND CODE OF CONDUCT

- Section 1 An Employee Discipline and Code of Conduct Handbook shall be given to each employee, receipt of which shall be acknowledged by each employee. The receipts shall be kept in the employee's 201 File.
- Section 2 All new employee shall be issued the Employee Discipline and Code of Conduct Handbook upon his employment with the Company.
- Section 3 Any employee of the Company, by his acceptance or continuance of his employment in the Company, submits himself to the authority of this manual on Employee Discipline and Code of Conduct and binds himself to comply with its provisions.