

CODE OF ETHICS

I. DECLARATION OF PRINCIPLES

- A.** The Al-Amanah Islamic Investment Bank of the Philippines (AAIIBP) upholds the policy of the state to promote a high standard of ethics in public service. Its members of the Board, officers and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence and loyalty, act with patriotism and justice, lead modest lives and uphold public interest over personal interest (Section 2 of R.A. No. 6713 Code of Conduct and Ethical Standards for Public Officials and Employees)

II. CORPORATE PRINCIPLES AND VALUES

- A.** The Duties and Obligations of the AAIIBP towards its stakeholders:

1. The Government - — fulfill the special obligations that the Bank has contracted with the Philippine government and the unequivocal support to the government's goal of total growth and development consistent with the Bank's fiduciary duties towards its depositors, funders and other stakeholders.
2. To Depositors - provide high quality, reliable service through excellent customer relations and offer the most appropriate products to each depositor.
3. To Funders - acknowledge the fiduciary nature of the funds entrusted by its funders by administering these resources in a manner befitting their trust and respecting the lending conditions established.
4. To Investors - provide them with competitive investment alternatives and complete information relative thereto, that judiciously balances risks and returns.
5. To Borrowers - provide service of the highest professional standards through an efficient system of loan processing, project management and servicing, taking into account the complexity of the transaction. In deciding loan applications, the Bank shall balance all the risks involved, the developmental contribution of the borrower or his project and the return targets of the Bank.
6. To Subsidiaries - include them in the observance with the same Code of Ethics.
7. To Regulatory Agencies - provide timely and accurate reports on its operations, and disclose to the appropriate regulatory agencies and bodies all relevant information as required by law.

8. To Officials and Employees - enhance the quality of life of its officers and employees by providing a competitive compensation package according to the AAIIBP Charter, provide opportunities for training **and** values formation to assist them in their career path, strengthen their commitment to excellence in public service, and cultivate their social and environmental awareness and nationalism.
- B. Duties and obligations of the officers and employees towards the AAIIBP. - They shall strive to render service to their utmost best, both professionally and humanly (e.g. cooperation, teamwork). They shall not hesitate to go beyond what is strictly demanded of them for the good of the institution.

III. NORMS OF CONDUCT

- A. As public servants, all officers and employees as well as members of the Board shall observe the following standards of personal conduct in the discharge of their duties:
1. Commitment to public interest - — to always uphold the public interest over and above personal interest. All Bank resources and powers of their offices must be employed and used efficiently, effectively, honestly and economically particularly to avoid wastage in public funds and revenues.
 2. Professionalism - — perform and discharge duties with the highest degree of excellence, professionalism, intelligence and skill.
 3. Fairness and Sincerity - — act with fairness and sincerity and shall not discriminate against anyone, especially the poor and the underprivileged. Respect at all times the rights of others and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety and public interest.
 4. Political Neutrality - — provide service to everyone without unfair discrimination and regardless of party affiliation or preference.
 5. Responsiveness to the public - — extend prompt, courteous, and adequate service to the public. Unless otherwise provided by law or when required by the public interest, employees shall provide information of the bank policies and procedures in clear and understandable language, ensure openness of information, public consultations and hearings wherever appropriate, encourage suggestions, simplify and systematic policy, rules and procedures, avoid red tape and develop an understanding and appreciation of the socioeconomic conditions prevailing in the country, especially in the depressed rural and urban areas.
 6. Nationalism and Patriotism - be loyal to the Republic and to the Filipino people, promote the use of locally produced goods, resources and technology and encourage appreciation and pride of country and people.

7. Commitment to Democracy — commit to the democratic way of life and values, maintain the principle of public accountability, and manifest by deeds the supremacy of civilian authority over the military. Uphold at all times the Constitution and put loyalty to country above loyalty to persons or party.
8. Simple Living - — lead modest lives appropriate to their positions and income. They shall not indulge in extravagant or ostentatious display of wealth in any form.

V. PROHIBITED ACTS AND TRANSACTIONS

A. In addition to the acts and omissions prescribed under existing laws, the following acts and transactions shall constitute prohibited acts and transactions of the officers and employees:

1. Prohibited acts

- a. Acceptance/Solicitation of Gifts, Donations or Loans without the Bank's prior approval, to accept or solicit, either directly or indirectly, gifts from persons or entities other than a member of his immediate family, or in behalf of any member of his family or relative within the fourth degree of consanguinity or affinity, in the course of their official duties or in connection with any transaction which may be affected by the functions of their office. A 'gift' includes any type of gratuity, favor, service, discount or price concession, loan, legacy (except from a relative), fee, compensation, cash, securities, real property, or anything of monetary value.

As to gifts or grants from foreign governments or agencies, the following may be allowed:

- i. a gift of nominal value tendered and received as *a* souvenir or mark of courtesy;
 - ii. a scholarship or fellowship grant or medical treatment;
 - iii. travel grants or expenses for travel taking place entirely outside the Philippines (such as allowances, transportation, food and lodging) of more than nominal value if such acceptance is appropriate or consistent with the interests of the Philippines, and permitted by the Chairman or the President of the Bank.
- b. Outside Activities/Employment

Employees are encouraged to participate in social activities with those with whom the Bank maintains business relationships and participating occasionally in such activities that will not violate this Code so long as

they are reasonable and customary types of social activities in a business context. However, one is prohibited to:

- i. solicit for himself or for another person anything of value from anyone in return for any business, service or confidential information of the Bank or its customers, or
- ii. accept anything of value (other than their salary or other compensation paid by the Bank) from anyone in connection with the Bank's business, either before or after a transaction is discussed or completed.

The Bank likewise supports an employee's participation in environmental, civil and charitable activities so long as such participation does not encroach on the time and attention that one is expected to devote to his duties and to the Bank. Unless previously approved by the Bank's or Board, the employee must conduct such activities in a manner that does not involve the Bank or its assets or create an appearance of Bank's involvement or endorsement.

As public servants, all officers and employees are prohibited from accepting outside employment without the Bank's prior approval and clearance from the Civil Service Commission (CSC).

c. Disclosure of Confidential Information

Except as required by law, or upon order of a court of competent jurisdiction, or the express order of the President of the Philippines or written permission of the client, no officer or employee of the Bank shall reveal to, nor allow to be examined, inquired or looked into, by any third person, government official, bureau or office any information relative to details of individual accounts or specific banking transactions: Provided, that in respect to deposits or whatever nature, the provisions of existing law shall apply. (Section 33, AAIIBP Charter)

Additionally, officers and employees shall not use or divulge, confidential or classified information officially known to them by reason of their office and not made available to the public, either:

- i. To further their private interests, or give undue advantage to anyone; or
- ii. To prejudice the public interest

(Section 7c IRA 6713 — Code of Conduct and Ethical Standards for Public Officials and Employees)

Confidential or classified information as used in this context pertain to, but not limited to the internal operations of the bank, its customers, depositors, suppliers, competitors and other employees accounts, except where disclosure is approved by the Bank or otherwise legally mandated by Republic Act 1405 (Law on Secrecy of Bank Deposits) and Republic Act 9194 (Anti-Money Laundering Act of 2001). Of special sensitivity is the Bank's financial information, which should under all circumstances, be Considered confidential except when its disclosure is approved by the Bank, or when it has been publicly available.

2. Prohibited Transaction

Conflict of Interest

As defined in Republic Act 6713, An Act Establishing A Code of Conduct and Ethical Standards for Public Officials and Employees, a "conflict of interest arises when a public official or employee is a member of a board, an officer or a substantial stockholder of a private corporation or owner or has a substantial interest in a business, and the interest of such corporation or business, or his rights or duties therein, may be opposed to or affected by the faithful performance of official duty". Such situation occurs when an individual's private interest interferes in any way with the interests of the Bank. The Bank requires all officials and employees to conduct personal business or outside affiliation, financial and other relationships in a manner that will avoid, or resolve in a manner consistent with this Code, any conflict of interest with the Bank. This prohibition extends up to the public official's or employee's family members up to the 2 degree of consanguinity or affinity.

In all cases, conflicts of interest must be handled in an ethical manner; meaning they must be fully disclosed to appropriate authority level in the bank and the officers and employees concerned must resign from his position in the said private business enterprise within thirty (30) days from his assumption of office and/or divest himself of this shareholdings, or interest within (60) days from such assumption. Additionally, he shall inhibit himself from transactions with conflict of interest with the Bank in whatever capacity.

V. OTHER ETHICAL CONDUCT FOR MEMBERS OF THE BOARD AND OFFICERS

A. Other Ethical Conduct for Members of the Board:

1. Ethical Leadership/Governance

In order to demonstrate strong ethical leadership, the Board and each director shall strive to do what is in the best interest of the Bank for the long term benefit of its shareholders and mindful of the interests of the Bank's employees, customers, suppliers and other stakeholders.

Having an oversight function over the Bank's operations, public disclosure and financial reporting, the Board shall ensure transparency in disclosures of all business matters of the Bank at all times. The Board shall promote policies that lead to a positive and ethical workplace for the Bank's officers and employees and support guidelines that prohibit retaliation against any employee who will raise issues pertaining to business conduct and ethics.

2. Conflict of Interest/Interlocking Directorships

In order to avoid conflicts of interest and violations to the interlocking directorships rule, members of the Board shall, at the beginning of their respective term, disclose to the Board and BSP any interest that they may have in any corporation, partnership or association and shall thereafter disclose any changes thereto. In the event of a conflict with respect to any matter for discussion or resolution, wherein the Board member has a direct personal interest or any of his relatives within the second degree of consanguinity or affinity has such interest, the concerned director must inhibit from the deliberation on the matter. The minutes of the meeting shall note the Board member's inhibition from the deliberation.

For the interlocking directorship issue, the concerned director must resign and/or divest himself from the questioned institution except when with prior approval from the Monetary Board or when appointed as representative of the Bank.

3. Reputation and Relationships

Each director shall work to protect the Bank's reputation and shall avoid any situation that may be inconsistent with or that could disrupt or impair the Bank's relationship with its shareholders, employees, customers and other stakeholders. Thus, directors are prohibited from:

- a. taking for themselves or members of their immediate family opportunities or employment related to the Bank's except with respect to appointments of such relatives to positions considered strictly confidential or as members of their personal staff whose terms are co-terminus with theirs;
- b. using the Bank's property, information, or position for the personal gain of themselves or members of their immediate family; or

- c. competing with the Bank's or its subsidiaries or affiliates for business opportunities.
- d. either directly or indirectly, for himself and/or their respective immediate family or as representative or agent of others, borrow any of the deposits of funds from the Bank nor shall he become a guarantor, endorser, or surety for loans from the bank to others, or in any manner be an obligor for money borrowed from the bank or loaned by it. Provided, that this prohibition on loans shall not include loans allowed in the form of fringe benefits granted in accordance with rules and regulations as may be prescribed by the Monetary Board of the Central Bank.
- e. recommend any person to any position in a private enterprise which has a regular or pending official transaction with the Bank
- f. take unfair advantage of any stakeholders of the bank through manipulation, misrepresentation, inappropriate threats, fraud, and abuse of confidential information or other related conduct.
- g. be involved in offenses related to dishonesty or breach of trust such as—but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, violation of BP #22, violation of anti-graft and corrupt practices and other similar offenses which could be grounds for disqualification from being directors by the Monetary Board.

4. Confidentiality and Protection of Intellectual Property

Directors must respect the confidentiality of all confidential or proprietary information of the Bank. Directors shall take all appropriate steps to protect the Bank's information and intellectual property assets.

B. Other Ethical Conduct for Officers

1. Ethical Leadership

In addition to the compliance with the above mentioned provisions of this Code, all AAIIBP Officers shall act with honesty and integrity in their personal and professional relationships, avoiding actual or apparent conflicts of interest.

The term "officer" shall refer to those employees defined by BSP Circular No. 562 issued March 13, 2007 which "include the President, Executive Vice President, Senior Vice President, Vice President, General Manager, Treasurer, Secretary, Trust Officer and others mentioned as officers of the bank/quasi-bank/trust entity, or those whose duties as such are defined in the

by-laws, or are generally known to be officers of the bank/quasi-bank/trust entity (or any of its branches and offices other than the head office) either through announcement, representation, publication or any kind of communication made by the bank/quasi-bank/trust entity: Provided that a person holding the position of Chairman or Vice Chairman of the Board or another position in the board shall not be considered as an officer unless the duties of his position in the board include functions of management, such as those ordinarily performed by regular officers: Provided further, That members of a group or committee, including sub-groups or sub-committees, whose duties include functions of management such as those ordinarily performed by regular officers, and are not purely recommendatory or advisory, shall likewise be considered as officers.”

AAIIBP officers are to comply with the provisions of the Manual of Regulations for Banks Section X145 on “interlocking officerships and/or directorships”, thus are prohibited to act as concurrent officer or director with another bank or a non-bank financial intermediary, except with prior approval from the Monetary Board or when appointed to such position as representative of the bank.

2. Disclosure and Confidentiality of Information

AAIIBP officers shall always act in good faith, responsibly, with due care, competence and diligence, with full disclosure of facts to supervisors. An officer is expected to respect the confidentiality of information acquired in the course of his work to third parties except when authorized or otherwise legally obligated to disclose it. Confidential information acquired in the course of his work must never be used for personal advantage or to prejudice the public interest.

3. Delegation of Responsibility and Interaction with Staff

Bank officers must exercise due care to ensure that any delegation of responsibility to his/her staff is reasonable and appropriate in scope, and includes appropriate and continuous monitoring. Officers are prohibited from borrowing money or property of value and/or obtain personal favors from his/her staff that may result to negative influence in their decisions or judgments.

4. Internal Control and Compliance

Bank officers should support the existence of an effective internal control environment and acknowledge that he is responsible and accountable for adherence to this Code of Ethics. Thus, they shall be role models in the strict compliance of the ethical standards provided in this Code.

VI. GROUNDS FOR ADMINISTRATIVE DISCIPLINARY ACTION

- A. Investigations for violation of this Code shall be as follows:
1. Investigation of violation of this Code by members of the Board shall be conducted by the Governance Committee and submit its report and recommendation to the Board, without prejudice to criminal and civil liabilities prescribed under existing laws.
 2. Investigation and imposition of penalties for Violation of the Provisions of this Code by the officers and employees shall be in accordance with the Uniform Rules on Administrative Cases implemented **under the Personnel Manual**.

VII. MISCELLANEOUS PROVISIONS

- A. This code shall be reviewed as often as necessary or at least annually. Amendments to this Code shall be submitted to the Board by the Governance Committee.
- B. The Human Resource Department shall conduct seminar/workshop to promote high standard of ethics in the Bank.
- C. The Human Resource Department shall ensure that officers and employees are provided _____ copies _____ of _____ this _____ Code.