



CODE OF BUSINESS CONDUCT AND ETHICS

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1. CODE OF BUSINESS CONDUCT AND ETHICS

1.1. General

This Code of Business Conduct and Ethics (the "Code") outlines the ethical principles that should guide all employees of HARBOR STAR SHIPPING SERVICES, INC. (collectively, "The Corporation") in their daily work. For the purpose of this Code, any reference to "employees" includes any director, officer or employee of the Corporation.

The Code is not meant to be a complete list of all legal and ethical obligations of the employees of the Corporation. This Code is aimed at providing the framework and rules to be implemented and followed for the orderly and successful conduct of the Corporation's business. Specific instances requiring the application of the rules in cases of questions, breach, or transgression should be properly addressed by Management with due respect and subject to the provisions of the Code.

It is the responsibility of each employee to become familiar with the principles set out in this Code and to integrate them into every aspect of the Corporation's business.

1.2. Administration of the Code

Management, in coordination with the Board of Directors (the "Board") through the Governance Committee, is responsible for monitoring compliance with the Code. Regular assessments on the Code's adequacy, sufficiency and applicability shall be conducted on an annual basis.

In addition to the Code, the Corporation will also set in place, a Director's Manual and Employee's Handbook which will govern the human resources aspects of the employee's conduct as well as provide for the specific disciplinary actions and procedures for such.

1.3. Outline of Policy

The Corporation is committed to ethical and fair business dealings, and promotes a corporate culture which is non-sectarian and non-political and is socially and environmentally responsible. In view thereof, the Corporation subscribe to the following values and principles:

1. Fairness and integrity in all business dealings, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. Having respect for human rights and the dignity of all employees;
3. Accepting diverse cultures, religions, race, gender and sexual orientation;

4. Honesty, transparency and accountability; and
5. Adherence to sound standards of corporate audit and applicable laws.

Employees, officers and directors alike should adhere to and be bound by these policies and uphold the following standards:

1. Representation beyond reproach and accountability;
2. Dealing with integrity with fellow officers, directors, or employees, suppliers, customers, shareholders and other stakeholders;
3. Obedience to applicable governmental laws, rules and regulations and freedom from any badge of fraud or criminal acts;
4. Avoidance of conflicts of interest and declaring them when they arise; and
5. Observance of confidentiality rules.

2. COMPLIANCE WITH LAWS, RULES, AND REGULATIONS

Employees are expected to comply with the letter and spirit of laws applicable in the performance of their duties. This Code does not purport to address all areas of law that employees might encounter in the day-to-day business of the Corporation, but nevertheless gives emphasis to the areas of law which are of primary importance in the conduct of the Corporation's business, to enumerate:

2.1. Human Rights Laws

The Corporation values the diversity of its employees, customers and suppliers, hence its commitment to provide equal treatment in all aspects of its business.

Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical, visual or otherwise. The Corporation will not tolerate any conduct that is discriminatory or harassing or which otherwise compromises an individual's human rights.

2.2. Privacy Laws

The Corporation is committed to maintaining the accuracy, confidentiality, security and privacy of the personal information of its customers, suppliers and employees. Employees who have access to personal information are expected to support the Corporation's efforts to develop, implement and maintain procedures and policies designed to manage personal information.

2.3. Health and Safety Laws

The Corporation complies with all applicable health and safety laws and regulations as part of its commitment to provide its employees with a safe and healthy work environment. In this regard, employees are expected to work in a safe manner with due regard for their personal safety as well as that of their co-workers.

2.4. Environmental Laws

Cognizant of its responsibility to the environment, the Corporation strives to conform to all applicable environmental laws and regulations and to promote respect to the environment in its activities. Employees are expected to support the Corporation's efforts to develop, implement and maintain procedures and programs designed to protect and preserve the environment.

2.5. Securities Laws

The Corporation is committed in protecting security investments holders. It expects all employees to comply with the applicable reporting obligations and trading restrictions imposed by the Corporation, the Securities and Exchange Commission and the Philippine Stock Exchange. Employees who are in possession of material information about the Corporation must not trade in securities of the Corporation until such information is generally and publicly available. Providing inside information to others, for the purpose of trading securities, is strictly prohibited by the Corporation. Employees should make themselves familiar with the Corporation's Trading and Disclosure Policies.

2.6. Competition Laws

Competition laws are enacted to limit practices that may impair the function of a free and open marketplace. A complete description of these laws is beyond the scope of this Code, however those that must be strictly followed are: price fixing, bid rigging, price discrimination, allocation of markets and boycotting of certain suppliers or customers. Employees having regular dealings with customers and suppliers should become familiar with the laws applying to these practices. Non-compliance will be dealt with in the Director's Manual and Employee's Handbook.

2.7. Employment and Labor Laws

The Corporation's most important resource is its employees. It is the Corporation's policy to comply with all applicable laws and regulations, including those concerning hours of work, compensation, opportunity, human rights and working conditions. Compliance, implementation and application of such shall be entrenched in the Corporation's Director's Manual and Employees' Handbook.

3. FAIR DEALINGS

The Corporation believes in dealing fairly with its competitors and other stakeholders. The employees must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

4. CONFLICT OF INTEREST

Employees have a duty of loyalty to the Corporation and are therefore expected to always act in the Corporation's best interests. A conflict arises when the personal interests or activities of an employee influence or have the potential to influence the exercise of his or her judgment in the performance of his or her duties. Conflicts of interest or even the appearance of a conflict of interest may compromise the Corporation's reputation and must be avoided.

Nevertheless, the Corporation also respects its employees' right to privacy in their personal activities and financial affairs.

It is the responsibility of each employee to ensure that his or her personal conduct complies with the following principles and make the proper disclosures, whenever applicable, to allow the Corporation to determine and address conflicts of interest issues:

4.1. Employment or Affiliation with a Competitor, Supplier or Customer

Employees may not act as directors, officers, employees, consultants or agents of entities that are competitors of the Corporation. In addition, employees may not own, directly or indirectly, a beneficial interest in any of its competitor unless an employee is making an investment in securities that are listed on national or international securities exchange and the total value of investment is less than 2% of the total number of securities involved.

4.2. Independent Business Ventures

Employees may not engage in independent business ventures or agree to perform services for other businesses, if such activity interferes with his/her devotion of time and effort to the conduct of the Corporation's business or otherwise affects his /her ability to work effectively. Proper disclosures should be made to enable the Corporation to determine and address conflict of interest issues.

4.3. Personal Benefits, Gifts, Bribes, and Kickbacks

Employees must not use their position in the Corporation to derive or secure any personal, financial or other benefit for themselves or their relatives. An employee must not solicit and/or accept any gift or favor from any competitor, supplier or customer except to the extent customary and reasonable in amount. It is prohibited to accept any consideration for any improper action by the recipient. Finally, the offering or accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction is strictly prohibited.

4.4. Reporting Conflict

Employees are expected to report to the Corporation any personal interests which conflict or may conflict with the interests of the Corporation. This prohibition applies to the immediate family members and other members of the Employee's household. For the avoidance of doubt, activities which are likely to fall under the prohibitions must be reported to the Corporation for a determination of whether or not conflict of interest indeed exists.

5. CONFIDENTIAL INFORMATION

During the normal course of business, employees may have access to non-public information regarding the Corporation's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. Such information are key corporate assets and every employee has an obligation to protect them and keep them in the strictest confidence, until disclosure is authorized or actually effected.

6. GIFTS AND BUSINESS COURTESIES

Gifts and business courtesies offered or given by reason of, or in connection with, an employee's position or employment in the Corporation should be avoided. Employees are not permitted to give or accept, directly or indirectly in the following situations:

- a. Gifts and business courtesies that might create the appearance of impropriety. This ruling extends to immediate family members including spouses; and
- b. With exception of gifts acceptable by customary practice, cash payments, discounts or vouchers, regardless of value, must not be accepted from current or potential customers, suppliers, vendors or other contractors.

In case of doubt, employees should seek the advice and/or approval of Management. The decision will depend on factors such as the nature and monetary value of the gift, entertainment or courtesy, and the frequency with which such offers have been accepted or used.

The responsibility rests with the employee to ensure that the actual monetary value of the gift, entertainment or courtesy does not exceed the allowable monetary value or the value for which permission has been granted.

7. POLITICAL CONTRIBUTIONS

Employees have the freedom to engage in legitimate political activities. All employees should respect co-employees political beliefs and not engage in politicking during office hours. Meanwhile, the Corporation espouses an apolitical stand in the conduct of its business and shall not make any political contributions for purposes of influencing an award or retention in favor of the Corporation and its business.

8. USE OF CORPORATION SERVICES AND PROPERTY

8.1. General

Employees, officers and directors owe a duty to the Corporation to advance its legitimate interests. Except as otherwise permitted in this Code, employees, officers and directors, may not take for themselves opportunities that are discovered through the use of the Corporation's resources, information or position; use the Corporation's property, information, or position for personal purposes; nor compete with the Corporation either directly or indirectly.

8.2. Protection and Proper Use of Corporate Assets

All employees of the Corporation should endeavour to protect its assets and resources and ensure legitimate use thereof. These assets and resources include information, equipment, office supplies, hardware, software, intellectual property and time. Such assets may not be used for personal benefit, nor may such be sold, borrowed or given away without proper authorization. Occasional and limited personal use of certain corporate resources (e.g. computer, fax, e-mail) is acceptable where the Corporation's interests are not adversely affected.

Employees' messages (including voice mail) and computer information are considered corporate property. Unless prohibited by law, the Corporation reserves the right to access and disclose this information as necessary for business purposes or as a result of an investigation for probable breach of this Code.

9. BUSINESS TRANSACTIONS

Employees involved, whether directly or indirectly, in dealing with third parties for and on behalf of the Corporation shall ensure that business and commercial transactions are carried at arm's length with due benefit for the Corporation. The following are guiding principles in the conduct of transactions involving the Corporation:

1. Purchase contracts and tender awards must be made on the basis of quality, service, price and availability, within the parameters of any applicable laws;
2. All approved suppliers must be of good standing and selected from a sufficient number of qualified suppliers for comparative purposes;
3. Confidential information about the Corporation may not be revealed to a supplier, vendor or potential supplier or vendor without the prior authorization of Management;
4. Any director, officer or employee who is removed from an office of trust on account of misconduct, or has been or is at any time in the future, convicted of theft, fraud, forgery or an offense involving dishonesty, must disclose this fact to Management; and
5. All money, cheques, documents and other properties of the Corporation must be properly and accurately accounted for.

10. SHARE DEALINGS

The shares of the Corporation are listed in the Philippine Stock Exchange. As such, share ownerships, to the extent that they are covered or restricted by applicable laws must be subject to the following rules:

1. Any dealings in shares or securities of the Corporation must be beyond reproach and in accordance with all applicable laws;
2. It is a criminal offence to deal in or to encourage or discourage anyone else to deal in securities on the basis of information gained as an insider prior to disclosure;
3. Officers and directors of the Corporation must heed closed periods for dealing in the Corporation's shares. These closed periods will be made known from time to time and are to be considered binding; and
4. All directors and officers must report details of their dealings in the Corporation's shares in writing to the Corporate Secretary by no later than close of business on the day immediately following the transaction. This includes dealings by his/her spouse and minor children or by trusts or entities in which they or any of them may have controlling interest.

11. IMPLEMENTATION AND MONITORING

11.1. Commitment

Directors, officers, and employees of the Corporation commit to comply with both the letter and spirit of this Code. The Corporation endeavors to obtain the same commitment from its business partners. In this connection, directors and officers should explain to employees and business partners the Corporation's principles and values set forth in this Code, and emphasize the importance of

conducting themselves in accordance with the standards set by this Code in order to attain financial rewards for the Corporation and to deter wrongdoing.

11.2. Waiver

There shall be no waiver of any of the provisions of this Code in favor of any directors, officer, or employee, except when expressly granted by the Board of Directors. Any such waiver for any director or executive officer or any material amendment to the Code must be promptly disclosed to the shareholders of the Corporation.

11.3. Reporting Known or Suspected Violations

The Board and its directors, the CEO, senior financial officers and chief legal officer shall promptly report any known or suspected violations of this Code to the Chairman of the Governance Committee. All other employees should communicate any such or relevant information to Management. Employees may also report questionable behaviour in the same manner as they may report complaints regarding accounting, internal accounting controls or auditing matters to the Corporation's auditors. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.

11.4. Accountability for Violation

If the Governance Committee determines that this Code has been violated, either directly, or by failure to report a violation, or by withholding information related to a violation, the offending employee may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include written notices to the individual involved that a violation has been determined, censure, demotion or re-assignment, suspension, with or without pay or benefits, or all or combination of the foregoing. Violations of this Code may also constitute violations of law and may result in criminal penalties and civil liabilities for the employee.

11.5. Review and Amendments

All policies, systems practice, orders, and similar official corporate issuances, whether existing or to be issued shall be revisited and revised as soon as practicable in order to be consistent with the letter and spirit of this Code. Pending the finalization of such amendments, the provisions of this Code shall prevail over any policies, systems practice, orders, and similar official corporate issuances, inconsistent with this Code. This Code shall be reviewed at least once every two (2) years or such other frequency as may be determined by the Board of Directors and/or the Governance Committee.

Signed:

(original copy signed)
GERONIMO P. BELLA JR.
Chairman of the Board