

D.M. WENCESLAO & ASSOCIATES, INCORPORATED

REVISED MANUAL ON CORPORATE GOVERNANCE

[May 29, 2019]

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The Board of Directors of D.M. Wenceslao & Associates, Incorporated (“**Corporation**”) approved and adopted this Revised Manual on Corporate Governance (“**Manual**”) on **May 29, 2019** pursuant to the New Code on Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission (“**SEC**”) in compliance with SEC Memorandum Circular No. 19 Series of 2016 and SEC Memorandum Circular No. 8 Series of 2017. The structure and processes set forth in this Manual, the Articles of Incorporation and By-Laws, in conjunction with the commitment to the governance principles of transparency, accountability, fairness and integrity, form the basic framework of governance by which the Corporation’s Board of Directors, officers, executives and employees shall strive to achieve the Corporation’s strategic objectives, create value for all its stakeholders, and sustain its long term viability.

ARTICLE I: DEFINITIONS AND INTERPRETATION

1. DEFINED TERMS

The following terms used in this Manual are defined below:

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| Articles of Incorporation | Corporation's Articles of Incorporation and all amendments thereto |
| Board | Corporation's Board of Directors |
| Board of Directors | the governing body elected by the stockholders that exercises the powers of the Corporation, conducts all businesses, and controls its properties. |
| Board Committees | one or all of the following Committees composed of Members of the Board of Directors: <ul style="list-style-type: none">a. Executive Committeeb. Audit and Risk Committeec. Corporate Governance Committeed. And such other Committees that the Board may constitute |
| BSP | Bangko Sentral ng Pilipinas |
| By-Laws | Corporation's By-Laws and all amendments thereto |
| President | President of the Corporation |
| Chairman | Chairman of the Board |
| Code | SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the "Code of Corporate Governance for Publicly-Listed Companies". |
| Commission | Securities and Exchange Commission |
| Conglomerate | a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity. |
| Corporation/Company | D.M. Wenceslao & Associates, Incorporated |
| Corporate Governance | the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their |

stakeholders.

It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

Its purpose is to maximize the organization’s long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

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| Corporation Code | Batas Pambansa Blg. 68 otherwise known as the Corporation Code of the Philippines |
| Director | a duly elected member of the Board |
| Enterprise Risk Management | a process effected, by an entity’s board of directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite and provide reasonable assurance regarding the achievement of entity objectives. |
| Exchange | Philippine Stock Exchange |
| Executive | Corporation’s executives with a rank of a manager up to senior manager |
| Executive Director | a director who has executive responsibility of day-to-day operations of a part or whole of the organization. |
| Independent Director | a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgement in carrying out his responsibilities as a director. |
| Internal Control | a process designed and effected by the board of directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and |

compliance with applicable laws, regulations, and the organization's policies and procedures.

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| Internal Control System | the framework under which the internal controls are developed and implemented (alone and in concert with other policies or procedures) to manage and control a particular risk, cost, or business activity, or combination of risks or business activities to which the Corporation is exposed |
| Internal Audit Department | an independent and objective assurance activity designed to add value to and improve the Corporation's operations. It provides a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes |
| Internal Auditor | the person primarily responsible for the Corporation's internal audit activities. If the internal audit activities are performed by outside service providers, the Internal Auditor is responsible for overseeing the service contract and the overall quality of these activities, and monitoring the engagement results |
| Management | the general body authorized by the Board of Directors to implement the policies it has laid down in the conduct of the Corporation's business |
| Manual | this Manual on Corporate Governance, as may be amended from time to time |
| Non-executive Director | a director who has no executive responsibility and does not perform any work related to the operations of the Company. |
| Officers | officers of the Corporation from the rank of assistant corporate secretary up to Chairman of the Board, as defined by the Corporation's By-Laws |
| Related Party | shall cover the Company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Company exerts direct or indirect control over or that exerts direct or indirect control over the Company; the Company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such |

other person or juridical entity whose interest may pose a potential conflict with the interest of the Company.

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| Related Party Transactions | a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with an unrelated party that subsequently becomes a related party. |
| Securities Code | Republic Act No. 8799, otherwise known as the Securities Regulation Code |
| Senior Management | otherwise known as “Executive Management”, or the individuals at the highest level of organizational management are responsible for the day-to-day management of the Corporation. They hold specific executive powers conferred to them by the Board of Directors and stockholders. They have the highest level of responsibility in the Corporation, with a position not lower than Vice-President. |
| Stakeholders | any individual, organization or society at large who can either affect and/or be affected by the Company’s strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates. |
| Year | Calendar year |

2. INTERPRETATION

- 2.1. Unless the context otherwise requires, words in the singular include the plural, and vice versa; and words importing any gender include all genders.
- 2.2. A reference to a statute, rule or regulation shall be construed as a reference to that statute, rule or regulation, as amended.
- 2.3. The headings in this Manual are inserted solely for convenience of reference and do not limit or affect the interpretation of the provisions.
- 2.4. All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the Corporation.

ARTICLE II: GOVERNANCE

1. OBJECTIVE

This Manual shall, as a general rule, institutionalize the principles of good corporate governance in the entire organization. The Board of Directors and Management of the Corporation recognize and affirm that good corporate governance is a necessary component of what constitutes sound strategic business management. Accordingly, every effort necessary to create awareness of good corporate governance within the organization shall be undertaken henceforth.

2. COMPLIANCE SYSTEM

A. The Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors.

The Board of Directors is primarily responsible for the governance of the Corporation. Corollary to setting the strategies and policies to accomplish the corporate objectives, it shall provide an independent check on Management. The Board shall likewise review and comment on the strategic directions identified by Management. It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders. To ensure a high standard of best practice for the Corporation and, its stockholders, the Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions, and responsibilities.

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Corporation's performance, position, and prospects on a quarterly basis, including interim and other reports that can adversely affect its business, as well as reports to regulators that are required by law.

Management must provide all members of the Board with accurate and timely information that will enable the Board to comply with its responsibilities to its stockholders.

1. Composition

The Board shall be composed of not more than fifteen (15) members who are elected by the shareholders. The Board shall have independent directors constituting at least twenty percent (20%) of the members of such Board.

The election, qualifications and disqualifications of the independent directors shall be in accordance with the amended by-laws of the Corporation.

The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the

needs of the organization based on the evolving business environment and strategic direction.

The Board shall include a balance of executive and non-executive directors (including independent non-executives), having a clear division of responsibilities such that no individual or small group of individuals can dominate the Board's decision making. The non-executive directors shall be given the opportunity to have exclusive and periodic meetings with the external auditors and heads of the internal audit, compliance and risk functions.

The non-executive directors should be of sufficient qualifications, stature and number to carry significant weight in the Board's decisions. The non-executive directors may concurrently serve as director in up to a maximum of five (5) publicly-listed companies. Non-executive directors considered by the Board to be independent shall be identified in the annual report.

2. General Responsibilities of the Board of Directors

It is the Board's responsibility to foster long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

The Board will formulate the Corporation's vision, mission, strategic objectives, policies and procedures, annual budgets and business plans, that shall guide its activities, including the means to effectively monitor management's performance.

3. Training

The Corporation shall provide a comprehensive 8-hour orientation program for new directors and an annual 4-hour continuing corporate and business training for existing directors, including an understanding of the contributions that the director is expected to make, an explanation of the Board and its committees, and an explanation of the Corporation's business, including corporate governance and other matters that will assist them in discharging their duties, unless:

- 3.1 The new director has already previously attended similar training;
- 3.2 The existing director has already attended similar training for the calendar year, or has committed to attend a similar training on a different date within the calendar year.
- 3.3 The Corporation shall provide general access to training courses to its directors as a matter of continuous professional education as well as to maintain and enhance their skills as directors, and keep them updated in their knowledge and understanding of the Corporation's business, including emerging risks relevant to the Corporation.

4. Board Diversity

A diverse Board better understands its customer base and the environment in which its business operates. This encourages the contribution of different perspectives and ideas, and mitigates groupthink to achieve optimal decision-making. Board diversity may refer to distinctions in age, ethnicity, culture, skills, competence, knowledge, and gender, among other things.

The Corporation is committed to the following principles:

- 4.1 Recognize and embrace the benefits of having a diverse Board as an essential element in the attainment of its strategic objectives and maintaining prudent corporate governance; and
- 4.2 The Board appointments are made on merit, based on competence, experience, independence and knowledge, and candidates will be considered against an objective criteria, which the Board as a whole requires to be effective

5. Qualifications

A member of the Board of Directors must possess the following qualifications:

- 5.1 Ownership of at least one share of the capital stock of the Corporation;
- 5.2 A college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education
 - 5.2.1 Relevant qualification, such as previous business experience, membership in good standing in a relevant industry, and membership in a business or professional organization; and
 - 5.2.2 Integrity, probity and diligence in the performance of his duties.
 - 5.2.3 In addition to the qualifications required by relevant laws, additional qualifications which may be provided by the Board.

6 Permanent Disqualification of Directors

The following persons are disqualified from nomination or election to the Board:

- 6.1 If he is engaged in any business that competes with or is antagonistic to interest of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- 6.2 If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any Corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least two-thirds (2/3) vote, determines to be competitive or antagonistic to the interest of the Corporation;
- 6.3 If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any other Corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board, by at least two-thirds (2/3) vote, the law against combination in restraint of trade shall be violated by such person's membership in the Board; or
- 6.4 If the Board, in the exercise of its judgment in good faith, determines by at least two-thirds (2/3) vote that he is the nominee of any person set forth in the preceding paragraphs.
- 6.5 Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- 6.6 Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within a period of five (5) years preceding the date of his election or appointment;
- 6.7 Any person who has been adjudged by final judgment or order of the Commission, Bangko Sentral ng Pilipinas, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the Commission or by the Bangko Sentral ng Pilipinas;
- 6.8 Any person judicially declared to be insolvent;
- 6.9 Any person who has been convicted by final judgment or order by a competent judicial or administrative body of any crime that:
 - 6.9.1 involves the purchase or sale of securities, as defined in the Securities Regulation Code;
 - 6.9.2 arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or

- 6.9.3 arises out of his fiduciary relationship with a bank, quasi-bank, trust Corporation, investment house or as an affiliated person of any of them.
- 6.10 Any person who, by reason of any misconduct, after hearing or trial, is permanently enjoined by final judgment or order of the Commission, Bangko Sentral ng Pilipinas or any court or administrative body of competent jurisdiction from:
- 6.11 acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker;
- 6.12 acting as a director or officer of a bank, quasi-bank, trust Corporation, investment house, investment Corporation;
- 6.13 engaging in or continuing any conduct or practice in any of the capacities mentioned in preceding paragraphs, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply when such person is currently the subject of an order of the Commission or any court or other administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or under any rule or regulation issued by the Commission or Bangko Sentral ng Pilipinas, or has been otherwise restrained to engage in any activity involving securities and banking, or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- 6.14 Any person found guilty by final judgment of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
- 6.15 Any person who has previously committed patently unlawful acts and other acts deemed inimical to the reputation and interest of the Corporation, its subsidiaries or affiliates;
- 6.16 Any person who has committed acts causing undue injury to the Corporation, its subsidiaries or affiliates, or committed acts causing injury to another Corporation while acting as an officer or director;
- 6.17 Any person who previously committed gross negligence or bad faith in directing the affairs of another Corporation where he served as an officer or director; and

6.18 Other grounds as the Commission may provide.

6.19 In case of Independent Directors:

6.19.1 When he becomes an officer, employee, or consultant of the Corporation;

6.19.2 The additional grounds for disqualification under Rule 38 of the Amended Implementing Rules and Regulations of the Securities and Regulation Code; and

6.19.3 Any person who is disqualified by such other grounds for disqualification of directors as may be provided by law and applicable regulations, including those provided for under the Corporation Code, Securities Regulation Code, as well as those that may be approved by the Board of Directors.

For purposes of the foregoing paragraphs, the term “Subsidiary” means a corporation or entity in which the Corporation, directly or indirectly, owns, controls or has the power to vote at least a majority of the shares or interests. Likewise, the term “Affiliate” as used in the preceding paragraphs means a corporation or entity in which the Corporation directly or indirectly owns, controls or has the power to vote at least 10% but not more than 50% of the shares or interests.

Furthermore, for purposes of determining whether or not a person is engaged in a business or activity that competes with or is antagonistic to that of the Corporation or any of its Subsidiaries and Affiliates, or if he is a controlling person, beneficial owner, or the nominee of another, or if he suffers from the foregoing disqualifications, the Board of Directors may take into account such factors as business, professional and family relationships.

7. Grounds for Temporary Disqualification

The following are grounds for temporary disqualification of incumbent Directors:

7.1 Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing Rules and Regulation. This disqualification shall be in effect as long as his refusal persists;

7.2 Absence or non-participation for whatever reason in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors, during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident;

- 7.3 Dismissal or termination from directorship in another publicly-listed Corporation, public Corporation, registered issuer of securities and holder of a secondary license from the Commission for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- 7.4 If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with;
- 7.5 Being under preventive suspension by the Corporation for any reason;
- 7.6 If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reason, the disqualification shall become permanent.

The Board shall, by a resolution of the majority of the Directors, have the final decision to determine the qualification or disqualification of a Director.

8. Independent Directors

Independent Directors must be independent of management and, apart from their fees and shareholdings, are free from any business or other relationship with the Corporation, which could or could reasonably be perceived to materially interfere with their exercise of their independent judgment in carrying out their responsibilities.

The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications. An independent director includes, among other persons, one who:

- 8.1 Is not or has not been a senior officer or employee of the covered Corporation unless there has been a change in the controlling ownership of the Corporation;
- 8.2 Is not, and has not been in the three (3) years immediately preceding the election, a director, officer, executive or employee of the Corporation or of its subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation's substantial shareholders and its related companies (other than as an Independent Director of any of the foregoing);
- 8.3 Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus", "Ex-Officio"

Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;

- 8.4 Does not own more than two (2%) of the outstanding shares of the Corporation and/or its subsidiaries, associates, affiliates or related companies;
- 8.5 Is not a relative of any director, officer, executive or substantial shareholder of the Corporation, or any of its subsidiaries related companies or any of its substantial shareholders. For this purpose, the term “relatives” includes spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- 8.6 Is not acting as a nominee or representative of any director of the Corporation or any of its related companies;
- 8.7 Is not a securities broker-dealer of listed companies and registered issuers of securities. “Securities broker-dealer” refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer;
- 8.8 Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel by the Corporation, any of its related companies or any of its substantial shareholders, or is otherwise independent of Management and free from any business or other relationship within three (3) years immediately preceding the date of his election;
- 8.9 Has not engaged and does not engage, whether by himself or with other persons or through a firm of which he is a partner or a Corporation of which he is a director or substantial shareholder, in any transaction with the Corporation or with any of its related companies or substantial shareholders, other than such transactions that are conducted at arm’s length and could not materially interfere with or influence the exercise of his independent judgment;
- 8.10 Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and
- 8.11 Is not employed as an executive officer of another Corporation where any of the Corporation’s executives serves as directors.

When used in relation to the foregoing paragraphs, “Related Corporation” means another Corporation that is: (a) its holding Corporation, (b) its subsidiary, or (c) a

subsidiary of its holding Corporation; and “Substantial Shareholder” means any other person who is directly or indirectly the beneficial owner of more than 10% of any class of its equity security.

The Board shall designate a lead director among the independent directors if the Chairman of the Board is not independent, or if positions of the Chairman of the Board and President are held by one person. A director with material interest in any transaction affecting the Corporation should abstain from taking part in the deliberations for the same.

The lead director shall have the following functions:

- a. Serves as an intermediary between the Chairman and the other directors when necessary;
- b. Convenes and chairs meetings of the non-executive directors; and
- c. Contributes to the performance evaluation of the Chairman, as required.

Independent Directors can serve as such for five (5) consecutive years, with a total cumulative term limit of nine (9) years from the date of first appointment. After the completion of the five-year service period, an Independent Director shall be ineligible for election as such unless the Independent Director has undergone a “cooling off” period of two (2) years. Further, during the cooling off period, the Independent Director should not have been engaged in any activity that disqualifies a person from being elected as an Independent Director as stated in this Manual, existing laws, and rules and regulations issued by the Commission. In the event that the Corporation wants to retain an independent director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek stockholders’ approval during the annual stockholders’ meeting.

9. Non-Executive Directors

The non-executive directors should have separate periodic meetings with the External Auditor and heads of the Internal Audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Corporation. The meetings should be chaired and presided over by the lead independent director.

10. Policy on Multiple Board Seats

A Director shall exercise due discretion in accepting and holding directorships outside of the Corporation. A Director may hold any number of directorships outside the Corporation provided that, in the Director’s opinion, these other positions do not detract from the Director’s capacity to diligently perform his duties as a director of the Corporation. This policy does not cover directorships in the

Corporation's subsidiaries and affiliates as well as subsidiaries and affiliates such companies.

The non-executive directors of the Board may concurrently hold up to a maximum of five (5) directorships in a publicly listed Corporation to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals and views, and oversee the long-term strategy of the Corporation. This policy does not cover directorships in the Corporation's subsidiaries and affiliates as well as subsidiaries and affiliates of such companies.

A director should notify the Board where he/she is an incumbent director before accepting directorship in another company.

11. Board Meetings and Quorum Requirements

Directors should attend the Board's regular and special meetings in person or via teleconference or videoconference or by any other technological means allowed by the Commission.

12. General Responsibility of the Board for Good Governance

- 12.1 A Director's office is one of trust and confidence. He should act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He should exercise leadership, prudence and integrity in directing the Corporation towards sustained progress over the long term.
- 12.2 Compliance with the principles of good governance shall start with the Board of Directors. It shall be the Board's responsibility to foster the long-term success of the Corporation and to sustain its competitiveness and profitability in a manner that is consistent with its corporate objectives and serves the best interest of its stockholders and other stakeholders.
- 12.3 To ensure good governance of the corporation, the Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.
- 12.4 Consistent with a director's three-fold duty of obedience, diligence and loyalty to the Corporation, the Directors shall:
- 12.5 Act within the scope of power and authority of the Corporation and the Board, as prescribed in the Corporation's Articles of Incorporation, By-Laws and in existing laws, rules and regulations;

- 12.6 Exercise their best care, skill and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Corporation; and
- 12.7 Act in the best interest of the Corporation and for the common benefit of the Corporation's stockholders and other stakeholders.

13 Specific Duties of the Board of Directors

To ensure that the Corporation observes the best governance practices and to promote and protect the interest of the Corporation, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of its duties and functions. The Board is tasked, among others, to:

- 13.1 Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders.
- 13.2 Oversee the development of and approve the Corporation's business objectives and strategy, and monitor their implementation, in order to sustain the Corporation's long-term viability and strength.
- 13.3 Be headed by a competent and qualified Chairman.
- 13.4 Be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include adopting a policy on the retirement age of directors and key officers.
- 13.5 Align the remuneration of key officers and board members with the long-term interests of the Corporation. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration.
- 13.6 Disclose in this Manual a formal and transparent board nomination and election policy that shall include how it accepts nominations from minority shareholders and reviews nominated candidates. This policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors shall be aligned with the strategic direction of the Corporation.
- 13.7 Have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions.

- 13.8 Be primarily responsible for approving the selection and assessing the performance of Management led by the Chairman and Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).
- 13.9 Establish an effective performance management framework that will ensure that Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.
- 13.10 Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interests of Management, board members, and shareholders. The Board shall approve the Internal Audit Charter.
- 13.11 Oversee that a sound Enterprise Risk Management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.
- 13.12 Have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the Corporation's website.
- 13.13 Ensure that the Corporation complies with all relevant laws, rules and regulations, and codes of best business practices, including the provisions of the Anti-Graft and Corrupt Practices Act, the Code of Conduct for Government Officials and all other applicable anti-bribery laws. The Board shall formulate policies to ensure that the Corporation's Management, Executive Officers, and all its employees, agents, or subcontractors strictly comply with the relevant anti-bribery laws.
- 13.14 Perform such other functions that may be required under existing laws, issuances and regulations.

14 Specific Responsibilities of each Director

In addition to the duties and responsibilities of a Director set forth in the Corporation's By-Laws and existing relevant statutes, a Director shall:

- 14.1 Conduct business transactions with the Corporation fairly and ensure that his personal interest does not affect his and the Board's independent judgment;

- 14.2 Devote time and attention necessary to properly and effectively discharge his duties and responsibilities. A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware and knowledgeable of the Corporation's business to have a meaningful contribution to the Board's work. He should attend and actively participate in Board and committee meetings;
- 14.3 Act judiciously on matters brought before the Board of Directors and thoroughly evaluate the issues involved, ask questions and seek clarifications as appropriate, before making any decision;
- 14.4 Exercise independent judgment. A director should review each problem or situation objectively and support plans and ideas that he believes are beneficial to the Corporation;
- 14.5 Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the Corporation's Articles of Incorporation, By-Laws, the requirements of the Commission for the conduct of the Corporation's business, and where applicable, the requirements of the other regulatory agencies that have jurisdiction over the Corporation. A director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness;
- 14.6 Observe confidentiality on non-public information acquired by reason of his position as a Director. He should not disclose any confidential information to any other person without authority of the Board;
- 14.7 Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. Each director is responsible for assuring that actions taken by the Board maintain the adequacy of the control environment within the Corporation; and
- 14.8 Prior to assuming office, attend a seminar on corporation governance, which shall be conducted by a recognized private or government institution. If necessary, the Corporation shall allocate funds for this purpose.

15 Nomination and Election of Board of Directors

- 15.1 The Corporate Secretary shall set a reasonable period for the submission of nominations of candidates for election to the Board. All nominations for directors submitted in writing to the Corporate Secretary within such nomination period shall be valid. A stockholder of record, including a minority stockholder, entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated as a director.

- 15.2 The Corporation may engage the services of professional search firms or use other external sources of candidates when searching for candidates to the Board.
- 15.3 The Corporate Governance Committee meets, pre-screens and checks the qualifications of, and deliberates on all persons nominated to be elected to the Board from the pool of candidates submitted by the nominating stockholders. The Corporate Governance Committee shall prepare a Final List of Candidates after considering the qualifications and disqualifications set forth in the succeeding sections. Said list shall contain all the information about these nominees. Only nominees qualified by the Corporate Governance Committee and whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared.
- 15.4 Based on the Final List of Candidates, directors are elected by shareholders individually. The vote required for the election of directors is majority of the outstanding capital stock. The election of directors shall be by ballot and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may cumulate or give to one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.
- 15.5 To preserve the integrity of the election process, the Corporation shall employ the services of an external party to validate the voting results.

16 Compensation and Liability Insurance Coverage of Directors

- 16.1 The Board of Directors shall determine a level of remuneration for Directors that will attract and retain directors compensate them for attendance in meetings of the Board and Board Committees, and perform the responsibilities and assume certain risks as a board member. The compensation, which may be in the form of cash remuneration and/or stock option plans, shall be fixed by way of a resolution of the Board of Directors. The Board of Directors may provide that only non-executive directors shall be entitled to such compensation.
- 16.2 From the effective date of this Manual, no director shall be involved in deciding his own remuneration during his incumbent term.
- 16.3 The Corporation, to ensure effectiveness of holding directors accountable and to attract competent persons as directors, may purchase, at its own expense, a liability insurance coverage for its directors.

3. BOARD COMMITTEES

3.1 List of Committees

To aid in ensuring the compliance with the principles of sound corporate governance and in accordance with the Corporation's By-Laws, the Board may create such committees as it may deem necessary to support it in the performance of its functions and to aid in good governance. As a minimum requirement, however, the Board shall constitute the following committees:

3.1.1 Executive Committee

3.1.2 Audit and Risk Committee

3.1.3 Corporate Governance Committee

The Board, however, may create such other Committees as it may deem necessary. Newly constituted Committees shall have such authority and responsibilities and shall perform such duties as the Board may prescribe. If any of the above-listed committees are not established, the functions of these committees may be carried out by the whole board or by any other committee.

The Committees shall report to the Board in such manner as the Board may require.

3.2 Charter Requirement

Each Board Committee shall have a separate charter, which shall define and govern, among other matters, the objectives, composition, membership qualifications and disqualifications, duties and responsibilities, conduct of meetings, and procedure for escalation to the Board of decisions of such Board Committee as provided in this Manual and the Corporation's Articles of Incorporation and By-Laws.

The Board shall approve the respective charters of the Board Committees, which can only be amended through a Board action approving such amendment.

Each Board Committee shall submit to the Board a summary of their actions pursuant to the terms of their respective charters.

3.3 General Duties and Functions of Board Committees

The general duties and functions of different Committees are set forth as a general guide in their respective operations, without prejudice to the promulgation of specific duties and internal committee protocols in their respective Charters duly-approved by the Board.

3.4 Executive Committee

- 3.4.1 The Board shall appoint from among its members an Executive Committee composed of not less than three (3) members, a majority of whom shall be citizens of the Philippines, and shall designate one of such members as Chairman of the Executive Committee. The proportion of non-Filipino national to citizens of the Philippines in the membership of the Executive Committee shall not at any time exceed the proportion that the number of shares of the Corporation held by aliens bears to the number of shares of the Corporation held by citizens of the Philippines as set forth in its Articles of Incorporation.
- 3.4.2 The Executive Committee, in accordance with the authority granted by the Board or during the absence of the Board, shall act by majority vote of all its members on such specific matters within the competence of the Board of Directors as may from time to time be delegated to the Executive Committee in accordance with the Corporation's By-Laws, except with respect to:
- 3.4.2.1 Approval of any action for which shareholders' approval is also required;
 - 3.4.2.2 The filling of vacancies on the Board or in the Executive Committee;
 - 3.4.2.3 The amendment or repeal of By-Laws or the adoption of new By-laws;
 - 3.4.2.4 The amendment or repeal of any resolution of the Board of Directors that cannot be amended or repealed based on the terms of the resolution;
 - 3.4.2.5 The distribution of cash dividends; and
 - 3.4.2.6 The exercise of powers delegated by the Board exclusively to other committees, if any.

A majority of all the members of the Executive Committee shall constitute a quorum. The Executive Committee shall provide its own rules of procedure. An act of the Executive Committee, which is within the scope of its powers, shall not require ratification or approval for its validity and effectiveness. The Board of Directors, however, may redefine the powers of the Executive Committee. All actions of the Executive Committee shall be reported to the Board of Directors at the meeting thereof following such action and shall be subject to revision or alteration by the Board of Directors, provided that no rights or acts of third parties shall be affected by such revision or alteration.

3.5 Audit and Risk Committee

- 3.5.1 The Audit and Risk Committee's primary function is to enhance the Board's oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations. It shall be composed of at least three (3) non-executive members of the

Board, majority of whom, including the Chairman, shall be independent. Each member shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, finance, risk and risk management. In accordance with this, the members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board.

3.5.2 The Audit and Risk Committee shall have the following duties and responsibilities:

- 3.5.2.1 Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- 3.5.2.2 Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) safeguard the Corporation's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations;
- 3.5.2.3 Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit and Risk Committee shall also approve the terms and conditions for outsourcing internal audit services;
- 3.5.2.4 Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit and Risk Committee;
- 3.5.2.5 Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- 3.5.2.6 Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensures proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- 3.5.2.7 Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-

audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report;

- 3.5.2.8 Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - 3.5.2.8.1 Any change/s in accounting policies and practices;
 - 3.5.2.8.2 Areas where a significant amount of judgment has been exercised;
 - 3.5.2.8.3 Significant adjustments resulting from the audit;
 - 3.5.2.8.4 Going concern assumptions;
 - 3.5.2.8.5 Compliance with accounting standards; and
 - 3.5.2.8.6 Compliance with tax, legal and regulatory requirements
- 3.5.2.9 Reviews the disposition of the recommendations in the External Auditor's management letter;
- 3.5.2.10 Performs oversight functions over the Corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- 3.5.2.11 Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- 3.5.2.12 Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders;
- 3.5.2.13 Meets with the Board at least every quarter without the presence of the CEO or other Management team members, and periodically meets with the CAE;
- 3.5.2.14 Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk

management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

- 3.5.2.15 Oversees the implementation of the enterprise risk management plan. The Audit and Risk Committee conducts regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- 3.5.2.16 Evaluates the risk management plan to ensure it continues relevance, comprehensiveness and effectiveness. The Audit and Risk Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- 3.5.2.17 Advises the Board on its risk appetite levels and risk tolerance limits;
- 3.5.2.18 Reviews at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;
- 3.5.2.19 Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders;
- 3.5.2.20 Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management;
- 3.5.2.21 Reports to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary; and
- 3.5.2.22 Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, Related Party Transactions (RPT) are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors;

- 3.5.2.23 Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
- 3.5.2.24 The related party's relationship to the Corporation and interest in the transaction;
- 3.5.2.25 The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- 3.5.2.26 The benefits to the Corporation of the proposed RPT;
- 3.5.2.27 The availability of other sources of comparable products or services;
- 3.5.2.28 An assessment of whether the proposed RPT is based on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- 3.5.2.29 Ensures that appropriate disclosure is made, and/or information is provided to the regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties;
- 3.5.2.30 Reports to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

- 3.5.2.31 Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
- 3.5.2.32 Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and

Related party transactions are generally allowed, provided, that these are done in a sound and prudent manner. The Corporation is expected to exercise appropriate oversight and to implement an effective system in managing these transactions.

All related party transactions which are considered in the usual course of business as stated in the Related Party Transactions policy, regardless of amount, which are substantially the same terms as those prevailing at the time for comparable products or services with unrelated parties are exempted from review of the Related Party Transactions Committee. However, all RPTs which are not in the usual course of business which are equal or greater than the materiality threshold of One Hundred Million Pesos (Php100 Million), shall be subject to the review of the Related Party Transactions Committee. The RPT Committee may, at any time ask for a review of any of the transactions. The Board of Directors reviews and approves all material RPTs endorsed by the Related Party Transactions Committee. All Board-approved material RPTs may be subject to ratification by a vote of the majority of the minority shareholders.

- 3.5.2.33 Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

3.6 Corporate Governance Committee

3.6.1 The Corporate Governance Committee shall be composed of at least three (3) members of the Board, majority of whom shall be Independent. In accordance with this, the members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board. Each member shall have adequate and competent understanding of corporate governance principles and practices, in addition to possessing thorough knowledge of the Corporation's business and industry in which it operates. The Committee is tasked to assist the Board in the performance of its corporate governance responsibilities, including functions that were formerly assigned to the Nomination and Remuneration Committees.

3.6.2 The Corporate Governance Committee shall have the following duties and responsibilities:

- 3.6.2.1 Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- 3.6.2.2 Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- 3.6.2.3 Annually evaluates this Manual and recommend to the Board the amendments to this Manual;
- 3.6.2.4 Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession planning for the board members and senior officers, and remuneration packages for corporate and individual performance;
- 3.6.2.5 Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- 3.6.2.6 Proposes and plans relevant trainings for the members of the Board;
- 3.6.2.7 Determines the nomination and election process for the Corporation's directors and has the special duty of defining the general profile of board members that the Corporation may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- 3.6.2.8 Review and evaluate the qualifications of all persons nominated to positions in the Corporation, which require the appointment of the Board;
- 3.6.2.9 Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates; and
- 3.6.2.10 Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

3.7 Fostering Commitment

The directors shall have the responsibility to attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through teleconference or videoconference conducted in accordance with the rules and

regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accident, prevent them from doing so. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarification and explanation.

ARTICLE III: MANAGEMENT

1. General Responsibilities of Management

- 1.1. Management decides on the day-to-day affairs of the Corporation. It determines the Corporation's activities by putting the Corporation's targets in concrete terms and by formulating the basic strategies for achieving these targets. It also establishes the infrastructure for the Corporation's success by establishing the following mechanisms in its organization:
 - 1.1.1. Legal and organizational structures that work effectively and efficiently in attaining the goals of the Corporation;
 - 1.1.2. Planning, control, and risk management systems that assess risks on an integrated cross-functional approach;
 - 1.1.3. Information systems that are defined and aligned with the strategy and business goals of the Corporation;
 - 1.1.4. A plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation.
- 1.2. Management is primarily accountable to the Board for the operations of the Corporations. It should provide the Board with complete and adequate information on the operations and affairs of the Corporation in a timely manner.

2. Executive Officers of the Corporation

2.1. Composition

The Executive Officers of the Corporation are the Chairman, the President and Chief Executive Officer (CEO), the Treasurer and/or Chief Finance Officer, and the Corporate Secretary. The Board of Directors appoints the Executive Officers. In addition:

- 2.1.1 The Board of Directors may appoint a council or board of advisors composed of persons of integrity and of good reputation and who have distinguished themselves in the areas of business, industry, government and law;
- 2.1.2 The roles of the Chairman and Chief Executive Officer may be separable to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. The Corporation shall disclose the relationship between the Chairman and the CEO, if any, in its annual report to the Commission.

2.2. Chairman of the Board

The Board shall be headed by a competent and qualified Chairman. The Chairman of the Board shall, when present, preside at all meetings of the Board and shall advise and counsel the President. He shall also perform the following functions:

- 2.2.1 Schedule meetings to enable the Board to perform its duties responsibly without interfering with the Corporation's operations;
- 2.2.2 Ensure that the meetings of the Board are held in accordance with the By-laws of the Corporation or as the Chair may deem necessary;
- 2.2.3 Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- 2.2.4 Guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;
- 2.2.5 Facilitates discussion on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- 2.2.6 Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- 2.2.7 Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;
- 2.2.8 Makes sure that performance of the Board is evaluated at least once a year and discussed/ followed up on; and
- 2.2.9 Exercise control over quality, quantity and timeliness of the flow of information between Management and the Board.

The Chairman shall have such other responsibilities as the Board of Directors may impose.

2.3. **President/CEO**

Minimum internal control mechanisms for management's operational responsibility shall center on the President/CEO, being ultimately accountable for the Corporation's organizational and procedural controls. The President shall also:

- 2.3.1. Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;

- 2.3.2. Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- 2.3.3. Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;
- 2.3.4. Has a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose;
- 2.3.5. Directs, evaluates and guides the work of the key officers of the Corporation;
- 2.3.6. Provides the Board with timely information and interfaces between the Board and the employees;
- 2.3.7. Manages the Corporation's resources prudently and ensures a proper balance of the same;
- 2.3.8. Builds the corporate culture and motivates the employees of the Corporation; and
- 2.3.9. Serves as the link between internal operations and external stakeholders;

The President/CEO shall have such other responsibilities as the Board of Directors may impose.

2.4. **The Treasurer**

The Treasurer of the Corporation shall be in charge of the funds, securities, receipts and disbursements of the Corporation. He shall have the following functions:

- 2.4.1 Deposit or cause to be deposited all moneys and other valuable effects in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as the Board may from time to time designate;
- 2.4.2 Render an account to the President at least every quarter of the condition of the Corporation's funds and of all his transactions as the Treasurer;
- 2.4.3 Ensure that funds are available on a timely basis;
- 2.4.4 Optimize yields in temporary excess funds;
- 2.4.5 Provide relevant and timely capital market information;
- 2.4.6 Ensure appropriate coverage and management of risk to resources.

The Treasurer shall have such other responsibilities as the Board of Directors may impose upon him.

2.5. The Chief Finance Officer (CFO)

The Board of Directors shall appoint the Chief Finance Officer. The CFO, who may also be the Treasurer of the Corporation, shall be responsible for the following:

- 2.5.1 Provide Management with accurate, relevant, timely operating and financial reports and analysis necessary for financial planning and strategy formulation, and monitor actual implementation of budgets, plans and programs towards the achievement of corporate goals;
- 2.5.2 Maintain the integrity of accounting records as the basis of financial statements and reports provided to Management for decision-making and to government regulatory bodies in compliance with statutory requirements;
- 2.5.3 Promote investor confidence in the Corporation by addressing the various information requirements of the investing public and ensuring that all other legal reportorial obligations to various entities are complied with;
- 2.5.4 Strengthen internal controls by monitoring compliance with policies, and recommend to Management appropriate actions and charges in systems and procedures as necessitated by circumstances.

The Chief Finance Officer shall have such other responsibilities as the Board of Directors may impose upon him.

2.6. The Corporate Secretary

The Corporate Secretary shall be a resident and citizen of the Philippines. He shall be fair and objective in his dealings with the Board, Management, the stockholders and other stakeholders. He must possess organizational and interpersonal skills, and the legal skills of a chief legal officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend training on corporate governance. The Corporate Secretary performs the following functions:

- 2.6.1 Assists the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assists the chairs of the Board and its committees to set agenda for those meetings;
- 2.6.2 Safekeeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation;

- 2.6.3 Keeps abreast on relevant laws, regulations, all government issuances, relevant industry developments and operations of the Corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- 2.6.4 Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and Management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- 2.6.5 Advises on the establishment of board committees and their terms of reference;
- 2.6.6 Informs members of the Board, in accordance with the By-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- 2.6.7 Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- 2.6.8 Performs required administrative functions; and
- 2.6.9 Oversees the drafting of the By-laws and ensure that they will conform with regulatory requirements;

The Corporate Secretary shall have such other responsibilities as the Board of Directors may impose.

The Board shall have separate and independent access to the Corporate Secretary.

ARTICLE IV: BOARD EVALUATION AND ETHICS

1. Board Performance

The Board hereby adopts a self-assessment system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Revised Code of Corporate Governance issued by the Commission. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

- 2.1 Each Board Committee shall report regularly to the Board.
- 2.2 The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three (3) years, the assessment shall be supported by an external facilitator.
- 2.3 The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.
- 2.4 This Manual shall be subject to regular review as may be determined by the Board.
- 2.5 All business processes and practices being performed and carried out within any department or business division of the Corporation that are inconsistent with any portion of this Manual shall be revoked unless improved so as to achieve compliance level.

3 Board Ethics

- 3.1 The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the Corporation website.
- 3.2 The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.
- 3.3 The Board shall ensure that the Corporation recognizes and places importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while being socially responsible to society.

ARTICLE V: POLICY ON CONFLICT OF INTEREST

The Corporation's Directors and Officers must hold the Corporation's interest supreme. Except for salaries and other employment benefits, the Directors and Officers should not directly or indirectly derive any personal profit or advantage by reason of their position in the Corporation. They must promote the common interest of the Corporation and all its shareholders.

1. A conflict of interest exists when a Director or an Officer of the Corporation:
 - 1.1 Supplies or attempts to supply goods or services to the Corporation;
 - 1.2 Supplies or attempts to supply goods, services or information to an entity that competes with the Corporation;
 - 1.3 By virtue of his office, acquires or is attempts to acquire for himself a business opportunity that should belong to the Corporation;
 - 1.4 Is offered or receives consideration for delivering the Corporation's business to a third party;
 - 1.5 Is engaged or attempts to engage in a business or activity that competes with or works contrary to the best interests of the Corporation.

2. Any actual or potential conflict of interest that arises on the part of directors should be fully disclosed and the concerned director should not participate in the deliberation and voting on the action to be taken to address the conflict. A director who has a continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board.

3. A contract of the Corporation with one or more of its Directors or Officers is voidable, at the option of the Corporation, unless all the following conditions are present:
 - 3.1 The presence of such Director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
 - 3.2 The vote of such Director was not necessary for the approval of the contact;
 - 3.3 The contract is fair and reasonable under the circumstances;
 - 3.4 In case of an Officer, the contract has been previously approved by the Board of Directors.

Where any of the first two conditions set forth in the preceding paragraph is absent, in the case of a contract with the Director, such contract shall be ratified by the vote of stockholders representing two-thirds of the outstanding capital stock in a meeting called for that purpose; provided that full disclosure of the adverse interest of the Director involved is made at such meeting; and provided further that the contract is fair and reasonable under the circumstances.

4. Where a Director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the Director must account to the Corporation all such profits and refund the same, unless his act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable notwithstanding the fact that the Director risked his own funds in the venture.
5. The foregoing is without prejudice to the Corporation's existing Rules or Code of Conduct for its officers, employees and staff.

ARTICLE VI: AUDIT AND COMPLIANCE

1. Internal Audit

- 1.1 The Internal Audit Group shall provide independent and objective assurance and advisory services to the Corporation designed to improve the Corporation's operations. It shall provide the Board, Management and the stockholders with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with. It shall review, audit and report on, among others, the effectiveness of the system of organizational controls, taking into account the nature and complexity of the business and the business culture; the volume, size and complexity of the transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.
- 1.2 It shall perform its auditing function faithfully by maintaining independence from Management and the controlling shareholders.
- 1.3 The Chief Audit Executive shall be the head of the Internal Audit Group. The Chief Audit Executive shall preferably be a Certified Public Accountant and/or a Chief Internal Auditor and shall report to the Audit and Risk Committee of the Board of Directors.
- 1.4 The Internal Auditors shall report that their activities are conducted in accordance with the Standards for the Professional Practice of Internal Auditing, otherwise, the Chief Audit Executive shall disclose to the Board and Management that it has not yet achieved full compliance with the standards of the professional practice of internal auditing.

2. External Audit

- 2.1 The Audit and Risk Committee shall have a robust process for approving and recommending the appointment, reappointment, removal and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor shall be recommended by the Audit and Risk Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change shall be disclosed to the regulators and the public through the Corporation website and required disclosures.
- 2.2 The Audit and Risk Committee Charter shall include the Audit and Risk Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit and Risk Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

- 2.3 The nature of non-audit services performed by the external auditor shall be disclosed in the Annual Report to deal with any potential conflict of interest. The Audit and Risk Committee shall be on alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.
- 2.4 The External Auditor shall:
- 2.4.1 Perform fair audit independently from the Corporation, its management and controlling shareholder, and other users may maintain confidence in the Corporation's accounting information;
 - 2.4.2 Check whether any fact contradicts the audit results in the information disclosed regularly with the audited financial statements, and demand correction, if necessary;
 - 2.4.3 Attend the annual stockholders' meeting and answer any question on audit reports and themselves, their work and their remuneration;
 - 2.4.4 Perform such other functions as may be approved by the Board in its engagement of the auditor, provided, however, that non-audit work shall not be in conflict with the function of the auditor as external auditor.
- 2.5 The External Auditor shall be rotated every five years or earlier, or the handling partner shall be changed.
- 2.6 The reasons for the resignation, dismissal, or cessation from service and the date thereof of an external auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion on any disagreement with the former external auditor on any matter relating to accounting principles, financial statement disclosure or audit procedure, which the former external auditor and the Corporation failed to resolve.
- 2.7 If an external auditor believes that the statement made in annual reports, information statement or any report filed with the Commission or any regulatory body during his engagement is incorrect or incomplete, he shall present his comments or views on the matter in the said reports.

3. Non-Financial and Sustainability Reporting

The Corporation shall ensure that the material and reportable financial and sustainability issues are disclosed.

- 3.1 There shall be an established policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and

governance (EESG) issues of its business using a globally recognized standard/framework.

4. Comprehensive and Cost-Efficient Access to Relevant Information

The Corporation shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information to its shareholders and other investors. This channel is crucial for timely and informed decision-making by investors, stakeholders and other interested users; which shall include, but not limited to, the Corporation's website, media and analyst briefings.

5. Corporation Disclosures and Procedures

The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders to give a fair and complete picture of the Corporation's financial condition, results and business operations.

The Corporation shall have a policy requiring all directors and officers to disclose/report to the Corporation any dealings in the Corporation's shares within three (3) business days from the occurrence if any such dealings in the Corporation's shares.

The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

A clear disclosure of its policies and procedure shall be in place for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. The disclosure shall also include a disclosure on the remuneration on an individual basis, including termination and retirement provisions.

Full disclosure of the Corporation's policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions shall be required in the Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year shall be disclosed in its Annual Corporate Governance Report.

A full, fair, accurate and timely disclosure shall be made to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree Corporation shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

The corporate governance policies, programs and procedures shall be submitted to the regulators and posted on the Corporation website.

This Manual shall be submitted to the Commission. It shall be available for inspection by any stockholder of the Corporation at its principal office during reasonable hours on a business day.

6. Compliance System

To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer. The Compliance Officer should not be a member of the Board of Directors and should annually attend training on corporate governance.

The Compliance Officer shall perform the following duties:

- 6.1 Ensures proper onboarding of new directors;
- 6.2 Monitors, reviews, evaluates and ensures compliance by the Corporation, its officers and directors with the relevant laws, the Code, rules and regulations, and all governance issuances of regulatory agencies;
- 6.3 Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- 6.4 Ensures the integrity and accuracy of all documentary submissions to regulators;
- 6.5 Appears before the Commission when summoned in relation to compliance with the Code;
- 6.6 Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- 6.7 Identifies possible areas of compliance issues and works towards the resolution of the same;
- 6.8 Ensures the attendance of board members and key officers to relevant trainings; and
- 6.9 Performs such other duties and responsibilities as may be provided by the Commission.

The appointment of the compliance Officer shall be immediately disclosed to the Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

ARTICLE VII: INTERNAL CONTROL AND RISK MANAGEMENT

1. Internal Control System

- 1.1. The Corporation shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of its operations.
- 1.2. The Corporation shall have an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Corporation's operations.
- 1.3. The responsibilities of the Internal Auditor include, among others, the following:
 - 1.3.1 Provides an independent risk-based assurance service to the Board, Audit and Risk Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
 - 1.3.2 Performs regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;
 - 1.3.3 Performs consulting and advisory services related to governance and control as appropriate for the organization;
 - 1.3.4 Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
 - 1.3.5 Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the Corporation;
 - 1.3.6 Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;

- 1.3.7 Evaluates specific operations at the request of the Board or Management, as appropriate; and
- 1.3.8 Monitors and evaluates governance processes.
- 1.4. The Board shall appoint a qualified Chief Audit Executive (CAE). The CAE shall oversee and be responsible for the internal audit activity of the organization, including the portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel shall be assigned the responsibility for managing the fully outsourced internal audit activity.
- 1.5. The responsibilities of CAE include, among others, the following:
 - 1.5.1. Periodically reviews the Internal Audit Charter and presents it to Senior Management and the Audit and Risk Committee for approval;
 - 1.5.2. Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
 - 1.5.3. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit and Risk Committee for review and approval;
 - 1.5.4. Spearheads the performance of the internal audit activity to ensure it adds value to the organization;
 - 1.5.5. Reports periodically to the Audit and Risk Committee on the internal audit activity's performance relative to its plan; and
 - 1.5.6. Presents findings and recommendations to the Audit and Risk Committee and gives advice to Senior Management and the Board on how to improve internal processes.

2. Risk Management

The Corporation shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures.

- 2.1 The risk management function shall involve, among others, the following:
 - 2.1.1. Defining a risk management strategy;
 - 2.1.2. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
 - 2.1.3. Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters;
 - 2.1.4. Establishing a risk register with clearly defined, prioritized and residual risks;
 - 2.1.5. Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy;
 - 2.1.6. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
 - 2.1.7. Monitoring and evaluating the effectiveness of the organization's risk management processes.
- 2.2 In managing the Corporation's Risk Management System, the Corporation shall have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his responsibilities, subject to the Corporation's size, risk profile and complexity of operations.
- 2.3 The CRO has the following functions, among others:
 - 2.3.1. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
 - 2.3.2. Communicates the top risks and the status of the implementation of risk management strategies and action plans to the Board Risk Oversight

Committee;

2.3.3. Collaborates with the Chief Executive Officer in updating and making recommendations to the Board Risk Oversight Committee;

2.3.4. Suggests ERM policies and related guidance, as may be needed; and

2.3.5. Provides insights on the following:

- a. Risk management processes are performing as intended;
- b. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
- c. Established risk policies and procedures are being complied with.

There should be clear communication among the Board, Audit and Risk Committee and the CRO.

ARTICLE VIII: COMMUNICATION AND INFORMATION

1. Management's Responsibility for Information

- 1.1 Management is primarily responsible to the Board for financial reporting and control, and to this extent, shall;
 - 1.1.1 Report an assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information that statutory requirements require to be presented;
 - 1.1.2 Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their responsibilities;
 - 1.1.3 Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
 - 1.1.4 Maintain a sound system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders;
 - 1.1.5 Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examination cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance operation, information system, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operation safeguarding of assets, and compliance with laws, rules, regulation, and contracts;
 - 1.1.6 Require the Chief Audit Executive to make an annual report to the Audit and Risk Committee on the internal audit department activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit and Risk Committee of the Board. Such annual report should include significant risk exposures and control issues, and other that the Board and Senior Management may need.
 - 1.1.7 Management shall be primarily responsible for the adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statement and documents, budget, forecasts and monthly internal financial statements. Management should also disclose and explain to the Board any variance between projections and actual results.

2. The Investor Relations Function

There shall be an Investor Relations Division within the Corporation, to ensure constant engagement with its shareholders, which shall be tasked with:

- 2.1 The creation and implementation of an investor relations program that reaches out to all shareholders and fully informs them of corporate activities;
- 2.2 The formulation of a clear policy on communicating or relaying relevant information to the Corporation's stockholders and to the broader investor community accurately, effectively and sufficiently; and
- 2.3 The creation and implementation of avenues to receive feedback, complaints and queries from shareholders to assure their active participation with regard to activities and policies of the Corporation.

ARTICLE IX: STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST

1. Stockholders' Right and Protection

The provisions of this Section on stockholders' rights and protection shall serve as a guide for all internal and external parties, as a means of corporate governance covenant between the Corporation and its stockholders. The Corporation shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights. The Corporation recognizes that the most cogent proof of sound corporate governance is that which is visible to the eyes of its investors.

2. Commitment to Respect Stockholders' Rights

The Board shall be committed to respect the voting right, right to information, right to dividends and appraisal rights of the stockholders and other stockholders' rights as prescribed by the Corporation's Articles of Incorporation, By-Laws and prevailing rules and regulations.

2.1 Right to Participate in Shareholders' Meetings

Shareholders have the right: (1) to receive notices of all shareholders' meetings and receive information on the agenda for the meeting, other explanatory materials in relation to the agenda items, as well as copies of other documents necessary for a full participation in a shareholders' meeting at least two (2) weeks prior to the meeting; (2) attend and vote in all the shareholders' meetings; and (3) informed of the results of the votes taken during shareholders' meetings immediately on the next working day. The minutes of the shareholders' meetings shall also be made available in the Company's website.

2.2 Voting Right

Owners of shares of common stock of the Corporation shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code, the Articles of Incorporation and the By-Laws.

At every meeting of the stockholders for the election of Directors, owners of shares of common stock of the Corporation are entitled to one vote for each share of common stock he owns. He may vote such number of shares for as many persons as there are Directors to be elected or to cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he deems fit.

A director shall not be removed without cause if such removal will deny minority stockholders representation in the Board.

2.3 Inspection Right

All stockholders shall be allowed to inspect corporate books and records including minutes of board meetings and stock registries; provided that, such right may be denied by the Board if the requesting stockholder improperly used information secured from prior examination, or is not acting in good faith, or does not have a legitimate purpose for inspecting the records, or if the Board determines it necessary to safeguard the rights and legitimate interest of the Corporation such as when the records to be inspected contain sensitive or confidential information or are covered by a confidentiality or non-disclosure obligation which will be breached by the Corporation if such records were made available for inspection.

2.4 Right to Information

Stockholders shall be provided, upon request, with periodic reports filed by the Corporation with the Commission (e.g. proxy statement/information statement and annual report), which disclose personal or professional information about the Directors and Officers such as their educational and business background, holdings of the Corporation's shares, material transactions with the Corporation, relationship with other Directors and Officers and the aggregate compensation of Directors and Officers.

Subject to the provisions of the Corporation Code, the rules and regulations issued by the Commission in the implementation thereof and the By-Laws, the minority stockholders shall be granted the right to propose the holding of a meeting and to propose items in the agenda of such meeting, provided that such items are for legitimate business purposes. The determination of whether any proposed item in the agenda of the proposed meeting is for a legitimate business purpose shall rest solely upon the discretion of the Board.

2.5 Right to Dividends

The Corporation is authorized under Philippine laws to declare dividends, subject to certain requirements. The Board is authorized to declare dividends only from its unrestricted retained earnings and these dividends may be payable in cash, shares or property, or a combination thereof as may be determined by the Board. A cash or property dividend declaration does not require any further approval from shareholders; however, any declaration of stock dividends will be subject to approval of the Corporation's shareholders holding at least two-thirds of the Corporation's outstanding capital stock. The Board may not declare dividends where to do so would impair its capital.

Upon declaration by the Board of Directors and subject to the availability of the unrestricted retained earnings, the Corporation may declare dividends of at least 30%

of the prior year's net income after tax based on its Audited Financial Statements, except:

- (i) when justified by definite corporate expansion projects or programs approved by the Board; or
- (ii) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or
- (iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

In making a decision to declare dividends in the future, the Board may likewise take into account various factors, including:

2.6 Appraisal Right

The stockholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code, in any of the following instances:

- 2.6.1 In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term or corporate existence;
- 2.6.2 In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Corporation's property and assets; provided that, a sale or other disposition shall be deemed to cover substantially all of the corporate property or assets if thereby the Corporation would be rendered incapable of continuing the business or accomplishing the purpose for which it was organized;
- 2.6.3 In case of merger or consolidation; and
- 2.6.4 In case of investment of corporate funds in another corporation or business or for any other purpose other than the primary purpose for which the Corporation was organized and such investment is not reasonably necessary to accomplish the Corporation's primary purpose.

2.7 Duty To Promote Stockholders' Rights

It shall be the duty of the Board to promote the shareholder rights, remove impediments to the exercise thereof and allow possibilities of seeking redress for

violation of such rights. The Board shall encourage the exercise of stockholders' voting rights and the collective action towards solution of problems through appropriate mechanisms.

The Board shall likewise be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person. The Board shall pave the way for the electronic filing and distribution of stockholder information necessary to make informed decisions in accordance with applicable laws, rules and regulations.

The Board shall encourage active shareholder participation by sending the notice of annual and special shareholders' meeting with sufficient and relevant information at least two (2) weeks before the meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy.

The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent annual or special shareholders' meeting be available on the Corporation website within five (5) business days from the end of the meeting.

2.8 Establish an Alternative Dispute Resolution (ADR) Mechanism

The Board shall establish an Alternative Dispute Resolution (ADR) mechanism to resolve intra-corporate disputes in an amicable and effective manner.

The Board shall engage the services of a neutral third party to assist in the resolution of issues between and among the Corporation, stockholders, third parties and regulatory authorities. The ADR mechanism may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial or any combination thereof, as the Corporation and the circumstances deem fit.

Confidentiality of information obtained during the proceedings shall be privileged and confidential. Candor and fairness shall assured throughout the proceedings to reach a prompt and amicable resolution among the parties.

ARTICLE X: DUTIES TO STAKEHOLDERS

1. Respect Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights

- 1.1. The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.
- 1.2. The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.
- 1.3. The Board shall adopt a transparent framework and process that allows stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights through the IRO.

2. Encourage Employee Participation

- 2.1 The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance, covering, among others, the following:
 - a. Health, safety and welfare,
 - b. Training and development, and
 - c. Rewards/compensation for employees.
- 2.2 The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to cultivate in them in the Corporation's culture.
- 2.3 The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

3. Establishing Sustainability and Social Responsibility

- 3.1 The Corporation shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates.

ARTICLE XI: PENALTIES FOR NON-COMPLIANCE WITH THIS MANUAL

To encourage strict observance and implementation of the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's Directors, Officers, Executives and employees in case of violation of any provision of this Manual, as follows:

1. In case of a first violation, the concerned individual/s shall be reprimanded;
2. In case of a second violation, the concerned individual/s shall be suspended from holding office; provided that the duration of such suspension shall be based on the reasonable discretion of the Board depending on the gravity of the violation;
3. In case of a third violation, the maximum penalty of removal from office shall be imposed.

The willful commission of a third violation of any provision of this Manual by any Director, Officer, Executive or employee shall be a sufficient cause for removal from office of such Director, Officer, Executive or employee.

The Compliance Officer shall be responsible for determining violations after notice and hearing and shall recommend to the Chairman the imposable penalty for such violation, subject to further approval by the Board.

ARTICLE XII: REVIEW AND AMENDMENT OF MANUAL

1. The provisions of this Manual and the enforcement thereof shall be subject to quarterly review unless otherwise stated by the Board.
2. All business processes and practices of any of the Corporation's departments or business units that are inconsistent with any portion of this Manual shall be considered automatically revoked.
3. This Manual is subject to review and amendment, taking into account the Corporation's changing needs, the conditions prevailing in the industry and the relevant regulatory requirements.

ARTICLE XIII: ADOPTION AND EFFECTIVITY

The Board of Directors approved and adopted this Manual on May 29, 2019. It shall be effective on May 29, 2019.