

**ANVAYA COVE GOLF AND SPORTS CLUB, INC.
REVISED MANUAL ON CORPORATE GOVERNANCE**

(Updated 07 July 2020)

Table of Contents

Article I	4
<i>PREAMBLE</i>	4
Article II	4
<i>GOVERNANCE</i>	4
1. The Board of Directors	4
1.1 Composition	5
1.2 Diversity	5
1.3 Qualifications	5
1.4 Disqualifications	5
1.5 Temporary Disqualification of Directors	7
1.6 Retirement Age	7
1.7 Independent Directors	7
1.8 Policy on Multiple Board Seats	8
1.9 Board Meetings and Quorum Requirements	9
1.10 Remuneration of Directors	9
1.11 General Responsibility of the Board for Good Governance	9
1.12 Specific Duties of the Board of Directors	10
1.13 Specific Responsibilities of each Director	11
1.14 Liability of Directors	12
2. Board Committees	12
2.1 Executive Committee	13
2.2 Corporate Governance and Nomination Committee	13
2.3 Audit and Risk Oversight Committee	15
2.4 Membership Committee	18
Article III	18
<i>MANAGEMENT</i>	18
1. General Responsibilities of Management	18
2. Executive Officers of the Corporation	19
3. Roles of the Executive Officers of the Corporation	19
a. Chairman of the Board	19
b. Vice-Chairman	20
c. President and Chief Executive Officer	20
d. The Vice-President	20
e. The Treasurer	20
f. The Chief Finance Officer	21
g. The Corporate Secretary	21
h. The Compliance Officer	22
Article IV	23
<i>GOVERNANCE POLICY ON CONFLICT OF INTEREST</i>	23

Article V	24
<i>AUDIT AND COMPLIANCE</i>	24
1. Internal Audit	24
2. External Audit	24
3. Compliance System.....	25
4. Assessments	25
Article VI	25
<i>COMMUNICATION AND INFORMATION</i>	25
1. Management’s Responsibility for Information	25
2. The Investor Relations Function.....	26
3. Communication of this Manual	26
ARTICLE VII	26
<i>DISCLOSURE AND TRANSPARENCY</i>	26
ARTICLE VIII	27
<i>STOCKHOLDERS’ RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS’ INTERESTS</i>	27
1. Shareholder Rights	27
a. Voting Right	27
b. Right to propose the holding of meetings and include agenda items ahead of the scheduled annual and stockholders’ meeting	27
c. Right to nominate candidates to the Board of Directors.....	27
d. Right to be informed of the nomination and removal process.....	27
e. Right to be informed of the voting procedures that would govern the annual and special stockholders’ meeting.....	27
f. Pre-emptive Right.....	27
g. Right of Inspection.....	27
h. Right to Information	28
i. Right to Assets Upon Dissolution	28
j. Appraisal Right	28
2. Duty of Directors to Promote Shareholders’ Rights	28
ARTICLE IX	29
<i>PENALTIES FOR NON-COMPLIANCE WITH THIS MANUAL</i>	29
ARTICLE X	29
<i>REVIEW AND AMENDMENT OF MANUAL</i>	29
ARTICLE XI	29
<i>ADOPTION AND EFFECTIVITY OF REVISED MANUAL</i>	29

ARTICLE I

PREAMBLE

Corporate governance refers to the “framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.” It encompasses the entirety of the legal and factual regulatory framework for managing and supervising a corporation. The primary goal of corporate governance is to create and sustain increased value in the corporation for all of its stakeholders. To achieve this goal, it is necessary, among other things, to clearly set forth the principles of appropriate supervision and good management, and thereby lay the groundwork for development and implementation of value-creating activities. Moreover, it is as important that these agreed principles of governance are made transparent to all stakeholders concerned, thereby safeguarding stakeholders’ rights as well as promoting stakeholder participation in the corporate governance process.

The framework for Corporate Governance is not drawn from any single document. The Philippine Revised Corporation Code lays down the basic legal framework for corporate governance of every Philippine corporation. It is supplemented by the Securities Regulation Code (Republic Act No. 8799), the Securities and Exchange Commission (the “Commission”) implementing rules and regulations, and the Code of Corporate Governance (SEC Memorandum Circular No. 2, Series of 2002), Revised Code of Corporate Governance (SEC Memorandum Circular No. 6, Series of 2009), Amendment to the Revised Code of Corporate Governance (SEC Memorandum Circular No. 9, Series of 2014), and the Code of Corporate Governance for Public Companies and Registered Issuers (SEC Memorandum Circular No. 24, Series of 2019). All the terms used herein are used with the meanings assigned to them by said laws and implementing rules and regulations.

The machinery for corporate governance of Anvaya Cove Golf and Sports Club, Inc. (the “Corporation”) is principally contained in the Corporation’s Articles of Incorporation and By-Laws and their amendments. These constitutive documents lay down, among others, the basic structure of governance, minimum qualifications of directors, and the principal duties of the Board of Directors and officers of the Corporation. The function of this Revised Manual of Corporate of Governance (the “Manual”) is to supplement and complement the Corporation’s Articles of Incorporation and By-Laws by setting forth principles of good and transparent governance.

The Board of Directors, Management, officers and employees of the Corporation commit themselves to the principles and best practices of governance contained in this Manual as a guide in the attainment of its corporate goals. The Corporation shall make a continuing effort to create awareness of good corporate governance within the organization.

ARTICLE II

GOVERNANCE

1. The Board of Directors

The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors, acting as a board, have the fullest powers to regulate the concerns of the Corporation according to their best judgment. It shall be the Board’s responsibility to promote and adhere to the principles and best practices of corporate governance, to foster the long-term success of the Corporation and to secure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

1.1 Composition

The Board of Directors shall be composed of eleven (11) members who shall be elected by the Corporation's stockholders entitled to vote at the annual meeting, and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation. The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to carry out proper checks and balances.

The Corporation shall have at least two (2) independent directors or such independent directors as shall constitute at least one-third (1/3) of the members of the Board, whichever is higher. The independent directors shall be identified in the annual report of the Corporation.

1.2 Diversity

Careful attention must be given to ensure that there is independence and diversity, and appropriate representation of women in the Board, subject to the possession of the knowledge, abilities and experience determined by the Board as necessary for the Board to properly perform its functions.

It is important to have Board diversity to avoid groupthink and ensure that optimal decision-making is achieved. Diversity is not limited to gender and includes age, ethnicity, culture, skills, competence and knowledge.

1.3 Qualifications

A director of the Corporation shall have the following qualifications:

- a) Ownership of at least one (1) share of the capital stock of the Corporation;
- b) At least twenty-one (21) years of age;
- c) A college degree or its equivalent or adequate competence and understanding of the fundamentals of the leisure industry or sufficient experience and competence in managing a business to substitute for such formal education;
- d) Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions;
- e) Practical understanding of the business of the Corporation;
- f) Membership in good standing in relevant industry, business or professional organization; and
- g) Previous business experience.

1.4 Disqualifications

The following persons are disqualified from being a director of the Corporation:

- a) Any person who has been finally convicted by a competent judicial or administrative body of any crime that: (i) involves the purchase or sale of securities as defined in the Securities Regulation Code; (ii) 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, floor broker; and (iii) arises out of his relationship with a bank, quasi-bank, trust company, investment company or as an affiliated person of any of them;
- b) Any person who, by reason of any misconduct, after hearing or trial, is permanently enjoined by a final judgment or order of the Commission, Bangko Sentral ng Pilipinas (BSP) or any court or other administrative body or competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker: (ii) act as director or officer of a bank, quasi-bank, trust company, investment house, investment

company or an affiliated person of any of them; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating laws governing securities and banking activities.

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

- c) 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;
- d) Any person who has been adjudged by final judgment or order of the Commission, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code of the Philippines, or any other law, rule, regulation or order administered by the Commission or BSP;
- e) Any person judicially declared to be insolvent;
- f) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority for acts, violations or misconduct similar to any acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above;
- g) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code and Securities Regulation Code committed within five (5) years prior to the date of his election or appointment.
- h) Other grounds as the Commission may provide pursuant to the provisions of the Revised Corporation Code, Securities Regulation Code and other related laws;
- i) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged
 - i.1) 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 three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation, or
 - i.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 other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board, by at least three fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

- i.3) If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (h.1) or (h.2).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.

- j) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation.

1.5 Temporary Disqualification of Directors

The following are grounds for temporary disqualification of incumbent directors:

- a) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code. This disqualification shall be in effect as long as his refusal persists.
- b) Absence or non-participation for whatever reason(s) 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. This disqualification applies for purposes of the succeeding election.
- c) Dismissal, termination or removal for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal, termination or removal.
- d) 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 shall be lifted if the limit is later complied with.
- e) Being under preventive suspension by the Corporation for any reason.
- f) Conviction that has not yet become final referred to in the grounds for disqualification of directors.

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 reasons, the disqualification becomes permanent.

1.6 Retirement Age

As a general rule, the retirement age for directors is 80 years old, subject to such exceptions as may be approved by the Board of Directors, taking into account the relevant qualifications and invaluable contribution of the director and the special circumstances affecting the Corporation.

1.7 Independent Directors

Independent directors shall hold no interests or relationships with the Corporation that may hinder their independence from the Corporation or Management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board's independent directors should serve a maximum cumulative term of nine (9) years. Moreover, for purposes of compliance with the legal requirement on independent directors:

- a) Officers, executives and employees of the Corporation may be elected as directors but cannot and shall not be characterized as independent directors.
- b) If a director elected or appointed as an independent director subsequently becomes an officer or employee of the Corporation, the Corporation shall forthwith cease to consider him as an independent director.
- c) If the beneficial security ownership of an independent director in the Corporation or in its related companies shall exceed two percent (2%), of any outstanding class of shares of the Corporation or two percent (2%) of any outstanding class in any of its related companies, the Corporation shall forthwith cease to consider him as an independent director until the beneficial security ownership of the director is reduced to two percent (2%) or lower.
- d) A regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an independent director after a two (2) year "cooling off period".
- e) Persons appointed as Chairman "Emeritus", "Ex-Officio" directors/officers or Members of any Executive/Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties shall be subject to a two (2)-year cooling-off period prior to his qualification as an independent director.
- f) The Board shall designate a lead independent director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one (1) person to ensure independent views and perspectives and avoid the abuse of power and authority, and potential conflict of interest.

The functions of the lead independent director include, among others, the following:

- i. Serving as an intermediary between the Chairman and the other directors when necessary;
- ii. Convening and chairing meetings of the non-executive directors; and
- iii. Contributing to the performance evaluation of the Chairman, as required.

The Corporation shall, as appropriate, provide independent directors with technical support staff to assist them in performing their duties for such committees. Independent directors may, when necessary, also request and receive support from executive, employees or outside professionals such as auditors, advisers and counsel to perform such duties. The Corporation shall cover the reasonable expenses of providing such support.

1.8 Policy on Multiple Board Seats

- a) A director shall exercise due discretion in accepting and holding directorship outside of the Corporation. A director may hold any number of directorship outside of 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. However, non-executive directors of the Board should not concurrently serve as directors to more than ten (10) public companies and/or registered issuers. However, the maximum directorship shall be five (5) public companies and/or registered issuers if the director also sits in at least three (3) publicly-listed companies.

- b) Any limitations in the number of directorship outside the Corporation shall not include directorships in the Corporation's subsidiaries, affiliates, parent company, and affiliates and subsidiaries of the parent company.
- c) A director should notify the Board where he is an incumbent director before accepting a directorship in another company.

1.9 Board Meetings and Quorum Requirements

- a) Members of the Board should attend regular and special meetings of the Board in person or via teleconference or videoconference or by any other technological means conducted in accordance with the rules and regulations of the Commission.
- b) An independent director shall, as far as possible, be in attendance. However, the absence of an independent director may not affect the quorum requirements if he is duly notified of the meeting but notwithstanding such notice fails to attend.
- c) The non-executive directors should have separate periodic meetings without any executive director present to ensure that checks and balances are in place within the Corporation. The meetings should be chaired by the lead independent director.

1.10 Remuneration of Directors

In accordance with the By-Laws of the Corporation, the members of the Board of the Corporation shall not receive any remuneration from the Corporation.

1.11 General Responsibility of the Board for Good Governance

- a) ***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.
- b) ***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 in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.
- c) ***To ensure good governance of the Corporation, the Board should establish the vision and mission and strategic objectives and key policies and procedures*** for management of the Corporation, as well as the mechanism for monitoring and evaluating Management's performance.
- d) ***To the extent set forth above, the Board of Directors shall orient all its activities towards these general guidelines:***
 - d.1) ***All actions taken by Board are subject to the principle of legal permissibility.*** They must therefore not infringe on the appropriate provisions of Philippine law and the Corporation's constitutive documents.
 - d.2) ***All actions taken by the Board are subject to the principle of economic usefulness.*** They should accordingly contribute to increasing the value of the Company in a sustainable manner.

- e) ***The Board shall ensure the presence and adequacy of internal control mechanisms for good governance.*** The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:
- e.1) Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;
 - e.2) Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;
 - e.3) Appointing a Chief Executive Officer ("CEO") with the appropriate ability, integrity, and experience to fill the role; and defining the duties and responsibilities of the CEO;
 - e.4) Reviewing proposed appointments to senior management and officer and direct positions;
 - e.5) Ensuring the selection, appointment and retention of qualified and competent management; reviewing the Corporation's personnel and human resources policies, compensation plan and the management succession plan;
 - e.6) Institutionalizing the internal audit function;
 - e.7) Ensuring the presence of, and regularly reviewing, the performance and quality of external audit.

1.12 Specific Duties of the Board of Directors

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- a) Properly discharge Board functions by meeting regularly. Independent views during Board meetings should be given due consideration and all such meetings shall be minuted;
- b) Constitute the Committees set forth in this Manual;
- c) Select and appoint a President/CEO and other senior officers with the appropriate level of motivation, integrity, competence and professionalism;
- d) Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation;
- e) Establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance;
- f) Provide sound written policies and strategic guidelines on key capital expenditures, and periodically evaluate and monitor implementation of such strategies;
- g) Ensure that the Corporation complies with all relevant laws, regulations and as far as possible best business practices;
- h) Formulate a clear communication and disclosure strategy to promptly and regularly communicate with the Commission and the Corporation's stakeholders on matters of importance;

- i) Adopt a system of internal checks and balances, which may be applied in the first instance to the Board. Such systems shall be regularly reviewed and updated for effectiveness;
- j) Identify and monitor, and endeavor to provide appropriate technology and systems for the identification and monitoring of key risks and key performance areas;
- k) Be primarily responsible to the stockholders for financial reporting and control, and provide all stakeholders relevant and timely information about the Corporation, including an annual report of the Corporation's performance, position and prospects through publicly available reports submitted to the Commission, and maintain a sound system of internal control to safeguard stakeholders' investment and the Corporation's assets;
- l) Recommend to the stockholders the appointment of external auditors, in accordance with the recommendation of the Audit Committee;
- m) Create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Corporation's expense, which shall be reasonable;
- n) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies; appoint competent, professional, honest and highly-motivated management officers; adopt an effective succession planning program for Management;
- o) Identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;
- p) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, affiliates, major stockholders, officers and directors, including their spouses, children, and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- q) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or difference between the Corporation and its stockholders and the Corporation and third parties, including the regulatory authorities;
- r) Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws, and in accordance with existing regulations;
- s) Appoint a Compliance Officer in accordance with the requirements of applicable laws and regulations;
- t) Create an internal self-rating system and conduct an annual performance assessment of the Board, its individual members, its committees, the President and CEO, and Management;
- u) Ensure that all directors, executives and employees adhere to the Corporation's Code of Ethics.

1.13 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:

- a) **Conduct fair business transaction with the Corporation and ensure that personal interest does not bias Board decisions.** A director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. He should observe the conflict of interest policy stated in this Manual. A director shall not receive remuneration or salary from the Corporation.
- b) **Devote time and attention necessary to properly discharge his duties and responsibilities.** A director should attend and actively participate in Board meetings. A director should attend the orientation program for first-time directors to apprise him of his duties and responsibilities, and the annual continuing training program on developments in the business and regulatory environments, including emerging risks relevant to the Corporation.
- c) **Act judiciously.** Before deciding on any matter brought before the Board of Directors, every director should evaluate the issues, ask questions and seek clarifications as appropriate.
- d) **Exercise independent judgment.** A director should view each problem/situation objectively and support plans and ideas which he believes are beneficial to the Corporation.
- e) **Have a working knowledge of the statutory and regulatory requirements affecting the Corporation.** This includes a firm knowledge of the contents of the Articles of Incorporation and By-Laws of the Corporation and the amendments thereof, the requirements of the Commission for the conduct of the Corporation's business, and where applicable, the requirements of other regulatory agencies.
- f) **Observe confidentiality.** A director shall observe the confidentiality of non-public information acquired by reason of his position as a director. He should not disclose any information to any other person without the authority of the Board.
- g) **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 shall maintain the adequacy of the control environment within the Corporation.

1.14 Liability of Directors

Directors who willfully and knowingly vote or consent to patently unlawful acts of the Corporation or who are guilty of gross negligence or bad faith in directing the affairs of the Corporation or acquire any personal or pecuniary interest in conflict with their duty as such directors, shall be liable jointly and severally for all damages resulting therefrom suffered by the Corporation, its stockholders and other persons.

When a director attempts to acquire or acquires, in violation of his duty, any interest adverse to the Corporation, in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Corporation and must account for the profits which otherwise would have accrued to the Corporation.

2. Board Committees

The Board of Directors may create such committees as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws of the Corporation and to aid in good governance. As a minimum, however, the Board shall be supported by the following committees:

2.1 Executive Committee

The Board may appoint from among its members not less than three (3) members to the Executive Committee, one (1) of whom shall be the President. The Board shall have the power at any time to elect, remove for any cause, and replace the members of, and fill vacancies in, the Executive Committee. The members of the Executive Committee shall appoint a Chairman from among themselves. Every decision of the Executive Committee shall require the affirmative vote or written assent of a majority of the members of the Executive Committee constituting a quorum. The Executive Committee shall have, and may exercise, in the intervals between meetings of the Board, all of the powers of the Board in the day-to-day management of the business and affairs of the Corporation, except with respect to:

- (a) Approval of any action for which stockholders' approval is also required;
- (b) Filling of vacancies in the Board;
- (c) Amendment or repeal of these By-Laws or the adoption of new By-Laws;
- (d) Amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; and
- (e) Such other matters as may be specifically excluded or limited by Philippine Law or the Board.

2.2 Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee shall be composed of at least three (3) members, majority of whom should be independent directors including the Chairman.

a. The Committee shall have the following responsibilities:

- a.1) Oversee the implementation of the corporate governance framework and periodically review 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;
- a.2) Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conduct an annual self-evaluation of their performance;
- a.3) Ensure that the results of the Board evaluation are shared, discussed, and that concrete plans are developed and implemented to address identified areas for improvement;
- a.4) Recommend continuing education/training programs for directors, assignment of tasks, projects to Board committees, and succession planning for the Board members and senior officers;
- a.5) Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- a.6) Propose and plan relevant trainings for the members of the Board;
- a.7) Determine the nomination and election process for the Corporation's directors.

- a.8) Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval;
 - a.9) To assess the effectiveness of the Board's processes and procedures in the election of replacement of directors;
 - a.10) Encourage the selection of a mix of competent directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. In the selection of candidates, the objectives set by the Board regarding its composition are to be seriously considered, as well as the required knowledge, abilities and experience needed to successfully manage the Corporation. Careful attention must be given to ensure that there is independence and diversity, and appropriate representation of women in the Board, subject to the possession of the knowledge, abilities and experience determined by the Board as necessary for the Board to properly perform its functions;
 - a.11) Review and disclose succession plans for members of the Board and officers to the President/CEO;
 - a.12) Provide assessment on the Board's effectiveness in directing the process of renewing and replacing Board members and in appointing officers or advisors and develop, update as necessary and recommend to the Board policies for considering nominees for directors, officers or advisors.
 - a.13) Establish a formal and transparent procedure for developing a policy on remuneration packages of employees ensuring that compensation is consistent with the Corporation's culture, strategy and control environment;
 - a.14) Designate the amount of remuneration, which shall be in a sufficient level to attract and retain key personnel who are needed to run the Corporation successfully;
 - a.15) Disallow any proposal for a director to receive any form of remuneration by reason of his position as director;
 - a.16) Review the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts;
 - a.17) In the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.
- b. The procedure for nomination shall be as follows:
- b.1) All nominations shall be submitted to the Corporate Governance and Nomination Committee by any stockholder of record on or before August 15 of each year to allow the Corporate Governance and Nomination Committee sufficient time to assess and evaluate the qualifications of the nominees;
 - b.2) All recommendations for the nomination of independent director shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees;

- b.3) After the nomination, the Corporate Governance and Nomination Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports as the Corporation will be required to submit to the Commission;
- b.4) The name of the person or group of persons who recommended the nomination of the independent director(s) shall be identified in such report including any relationship with the nominee;
- b.5) Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained after the List of Candidates shall have been prepared and finalized. No further nominations for election as director shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

2.3 Audit and Risk Oversight Committee

The Audit and Risk Oversight Committee shall be composed of at least three (3) members, all of whom shall be non-executive directors and majority of whom shall be independent directors including the Chairman. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

- a) Each member of the Audit and Risk Oversight Committee shall have an adequate understanding of accounting and auditing principles in general and of the Corporation's financial management systems and environment in particular.
- b) The Audit and Risk Oversight Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of the Corporation. It shall have the following particular duties and responsibilities:
 - b.1) Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
 - b.2) Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
 - b.3) Be responsible for setting up an internal audit group, as needed, and consider the appointment of the Internal Auditor; establish and identify the reporting line of the Internal Auditor so that the reporting levels allow the internal audit activity to fulfill its responsibilities;
 - b.4) Ensure that the Internal Auditor or internal audit group has free and full access to all the Corporation's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results;
 - b.5) Provide oversight of the Corporation's internal and external auditors;
 - b.6) Pre-approve all audit plans, scope and frequency before the conduct of external audit;

- b.7) Discuss with the external auditor before the audit commences the nature and scope of the audit;
- b.8) Elevate to international standards the accounting and auditing processes, practices and methodologies;
- b.9) Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a procedures and policies handbook that will be used by the entire organization;
- b.10) Receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies;
- b.11) Review the periodical financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal and stock exchange requirements;
- b.12) Recommend and review the appointment of external auditors and their remuneration;
- b.13) Review and approve the proportion of audit versus non-audit work both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy, to ensure that non-audit work will not be in conflict with the audit functions of the external auditor. The amount of non-audit work shall be disclosed in the annual report;
- b.14) Evaluate, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, related party transactions are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa);
- b.15) Evaluate all related party transactions 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;
- b.16) Create a related party transactions policy geared towards the promotion of transparency, prevention of abuse, and protection of the interests of shareholders/members, which should include that all material related party transactions shall be approved by at least two-thirds (2/3) of the Board, with majority of the independent directors approving the transaction, or as may be prescribed by the Revised Corporation Code, issuances of the Commission, and other related laws;
- b.17) Determine any potential reputational risk issues that may arise as a result of or in connection with related party transactions;
- b.18) Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's related party transactions exposures, and policies on potential and/or actual conflicts of interest.

The disclosure should 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;

- b.19) Report to the Board of Directors 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;
- b.20) Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
- b.21) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting related party transactions, including a periodic review of related party transactions policies and procedures;
- b.22) Develop a formal enterprise risk management (ERM) plan which contains the following information: (1) registry of risks, (2) well-defined risk management goals, objectives and oversight, (3) uniform processes of assessing risks and developing strategies to manage prioritized risks, (4) designing and implementing risk management strategies, and (5) continuing assessments to improve risk strategies, processes and measures;
- b.23) Oversees the implementation of the ERM plan and conduct 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;
- b.24) Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness and revisit defined risk management strategies, look for emerging or changing material exposures, and keep abreast of significant developments that seriously impact the likelihood of harm or loss;
- b.25) Advise the Board on its risk appetite levels and risk tolerance limits;
- b.26) Review 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 major events which may have occurred in the Corporation;
- b.27) Assess 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;
- b.28) Monitor the risk management activities of the Corporation and evaluate the effectiveness of the risk mitigation strategies and action plans, with the assistance of the internal auditors. This includes ensuring that the Corporation maintains a framework for fraud prevention and detection (i.e. Whistleblower Program) and plans for business continuity (i.e. Business Continuity Plan);
- b.29) Oversee the 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;

- b.30) Reports to the Board, as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.

When formed, the Internal Audit group of the Corporation shall support the Audit and Risk Oversight Committee in the rendition of its functions.

2.4 Membership Committee

- a) The Membership Committee shall be composed of at least three (3) members, one (1) of whom shall be designated by the Board as Chairman of the Membership Committee. The Membership Committee shall have the following duties and responsibilities:
- a.1) Establish guidelines and procedures governing the processing of applications for membership in accordance with the By-Laws;
 - a.2) Evaluate applications for membership and determine compliance by applicants with the qualifications established by the Board for membership in the Corporation;
 - a.3) Approve or disapprove applications for membership in the Corporation;
 - a.4) Submit to the Board its recommendations for qualifications for membership in the Corporation in addition to those prescribed in the By-Laws;
 - a.5) Exercise such other powers and the performance of such functions as may be authorized by the Board of Directors.
- b) The Membership Committee shall act by a majority vote of all its members. The Membership Committee shall fix its own rules and procedure. An act of the Membership Committee which is within the scope of its powers shall not require ratification or approval for its validity and effectivity, *provided however*, that the Board of Directors may, at any time, enlarge or redefine the powers of the Membership Committee. All actions of the Membership Committee shall be reported to the Board of Directors at the meeting thereof following such actions 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 any such revision or alteration.

ARTICLE III

MANAGEMENT

1. General Responsibilities of Management

- a) Management stands as the locus of decision-making for the day-to-day affairs of the Corporation. It determines the Corporation's activities by putting the Corporation's target in concrete terms and by formulating the basic strategies for achieving these targets. It also puts in place the infrastructure for the Corporation's success by establishing the following mechanisms in its organization: i) purposeful legal and organizational structures that work effectively and efficiently in attaining the goals of the Corporation; ii) useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach; iii) information systems that are defined and aligned with information technology strategy and the business goals of the Corporation; iv) a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation.

- b) Management is primarily accountable to the Board for the operations of the Corporation. As part of its accountability, it is also obligated to provide the Board with complete, adequate information on the operations and affairs of the Corporation in a timely manner.
- c) Management should formulate, under the supervision of the Audit and Risk Oversight Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
 - c.1) The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
 - c.2) An effective 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;
 - c.3) On the basis of the approved audit plans, internal audit examination should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
 - c.4) The Corporation should consistently comply with the financial reporting requirements of the Commission.

2. Executive Officers of the Corporation

The Executive Officers of the Corporation are the Chairman, President and/or Chief Executive Officer (CEO), Vice-President, Treasurer and/or the Chief Finance Officer (CFO), and the Corporate Secretary. The Executive Officers shall be appointed by the Board of Directors. In addition:

- i) The Board of Directors may, in its discretion and in accordance with the By-Laws, elect a Vice-Chairman of the Board from among its members.
- ii) The roles of the Chairman and the CEO may be separate 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.

a) Chairman of the Board

The Chairman of the Board shall, when present, preside at all meetings of the Board and shall render advice and counsel to the President. In addition to the duties specified in the By-Laws and the Board Charter, the Chairman shall:

- a.1) Schedule meetings to enable the Board to perform its duties responsibility while not interfering with the flow of the Corporation's operations;
- a.2) Prepare the meeting agenda in consultation with the CEO;
- a.3) Exercise control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- a.4) Assist in ensuring compliance with the Corporation's guidelines on corporate governance.

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

b) Vice Chairman

In the absence of the Chairman of the Board, the Vice-Chairman shall preside at meetings of the Board.

c) 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. In addition to the duties imposed on him by the By-Laws and the Board of Directors, the President shall:

- c.1) Have general supervision of the business, affairs, and property of the Corporation, and over its employees and officers;
- c.2) See that all orders and resolutions of the Board of Directors are carried into effect;
- c.3) Submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs;
- c.4) Report to the Board from time to time all matters within its knowledge which the interest of the Corporation may require to be brought to their notice.

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

d) The Vice-President

The Vice-President shall act in place of the President in case of resignation, absence or incapacity of the latter. He shall perform such functions as may be delegated to him by the President or by the Board of Directors.

e) The Treasurer

The Treasurer of the Corporation shall have charge of the funds, securities, receipts and disbursements of the Corporation. In addition to the duties specified in the By-Laws, the Treasurer shall have the following functions:

- e.1) Deposit or cause to be deposited all monies 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;
- e.2) Regularly and at least every quarter render to the President or to the Board an account of the fund condition of the Corporation and of all his transactions as such;
- e.3) Ensure funds availability on a timely basis and at the most economical means;
- e.4) Optimize yields in temporary excess funds;
- e.5) 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.

f) The Chief Finance Officer

The Chief Finance Officer shall be appointed by the Board of Directors. The CFO, who may also be the Treasurer of the Corporation shall, in addition to the duties specified in the By-Laws, be responsible for the following:

- f.1) Provide management with accurate, relevant, and 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;
- f.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;
- f.3) Strengthen internal controls by monitoring compliance with policies and recommend to management appropriate actions and changes 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.

g) The Corporate Secretary

The Corporate Secretary shall be a resident and citizen of the Philippines and should be a separate individual from the Compliance Officer. He should not be a member of the Board of Directors and should annually attend trainings on corporate governance. He is an officer of the Corporation and his loyalty to the mission, vision and specific business objectives of the Corporation comes with his duties. Considering his varied functions and responsibilities, he must possess organizational and interpersonal skills, and the legal skills of a chief legal officer. He must also have some financial and accounting knowledge.

In addition to the duties specified in the By-Laws, the Corporate Secretary shall have the following functions:

- g.1) Serve as an adviser to the directors on their responsibilities and obligations;
- g.2) Keep the minutes of meetings of the stockholders, the Board of Directors, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President and other members of the Board as appropriate;
- g.3) Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same;
- g.4) Have charge of the stock certificate book and such other books and papers as the Board may direct;
- g.5) Attend to the giving and serving of notices of Board and shareholder meetings;
- g.6) Be fully informed and be part of the scheduling process of other activities of the Board;
- g.7) Prepare an annual schedule of board meetings and the regular agenda of meetings, and put the Board on notice of such agenda at every meeting;
- g.8) Oversee the adequate flow of information to the Board prior to meetings;
- g.9) Ensure fulfillment of disclosure requirements to the Commission;

- g.10) Be loyal to the mission, vision and objectives of the Corporation;
- g.11) Work fairly and objective with the Board, Management, stockholders and other stakeholders;
- g.12) Have appropriate administrative and interpersonal skills;
- g.13) Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- g.14) Ensure that all Board procedures, rules and regulations are strictly followed by the members.

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

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

h) The Compliance Officer

The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. He should not be a member of the Board of Directors and should attend a training on corporate governance. He shall perform the following duties:

- h.1) Monitor, review, evaluate and ensure the compliance by the Corporation, its officers and directors with this Manual, the relevant laws, Corporate Governance for Public Companies and Registered Issuers, rules and regulations and all governance issuances of regulatory agencies;
- h.2) Report to the Board if violations are found and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- h.3) Ensure the integrity and accuracy of all documentary and electronic submissions as may be allowed under the rules and regulations of the Commission;
- h.4) Appear before the Commission when summoned in relation to compliance with the Corporate Governance for Public Companies and Registered Issuers and other relevant rules and regulations;
- h.5) Collaborate with other departments within the Corporation to properly address compliance issues, which may be subject to investigation;
- h.6) Identify possible areas of compliance issues and works towards the resolution of the same;
- h.7) Ensure the attendance of Board members and key officers to relevant trainings;
- h.8) Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same;
- h.9) Provide the Commission at the end of every fiscal year with a sworn certification that the requirement for independent directors and their attendance at meetings in accordance with Section II (7) of SEC Memorandum Circular No. 2 has been complied with. The said certification may be submitted with the Corporation's current report (SEC Form 17-C) or on a separate filing;

- h.10) Perform such other duties and responsibilities as may be provided by the Board and the Commission.

The appointment of the Compliance Officer shall be immediately disclosed to the Commission on SEC Form 17-C.

ARTICLE IV

GOVERNANCE POLICY ON CONFLICT OF INTEREST

The personal interest of directors and officers should never prevail over the interest of the Corporation. They are required to be loyal to the organization so much so that they may 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 all shareholders and the Corporation without regard to their own personal and selfish interests.

- a) A conflict of interest exists when a director or an officer of the Corporation:
- a.1) Supplies or is attempting or applying to supply goods or services to the Corporation;
 - a.2) Supplies or is attempting to supply goods, services or information to an entity in competition with the Corporation;
 - a.3) By virtue of his office, acquires or is attempting to acquire for himself a business opportunity which should belong to the Corporation;
 - a.4) Is offered or receives consideration for delivering the Corporation's business to a third party;
 - a.5) Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Corporation.
- b) If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision making. 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.
- c) A contract of the Corporation with one (1) or more of its directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:
- c.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;
 - c.2) The vote of such director was not necessary for the approval of the contract;
 - c.3) The contract is fair and reasonable under the circumstances;
 - c.4) In case of an officer, the contract has been previously approved by the Board of Directors.

Where any of the first two (2) conditions set forth in the preceding paragraph is absent, in the case of a contract with a director, such contract may be ratified by the vote of stockholders representing two-thirds (2/3) 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.

- d) 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 latter for all such profits by refunding 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.

ARTICLE V

AUDIT AND COMPLIANCE

1. Internal Audit

- a) The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of internal auditors through which its Board, senior management and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.
- b) The Internal Auditor shall report to the Audit and Risk Oversight Committee.
- c) The minimum internal control mechanisms for management's operational responsibility shall center on the President/CEO, being ultimately accountable for the Corporation's organizational and procedure controls.

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of 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.

2. External Audit

- a) The Board, upon endorsement by the Audit and Risk Oversight Committee, shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which the financial statements shall have been prepared and presented.
- b) The External Auditor shall:
- b.1) Perform fair audits independently from the Corporation, its management and controlling shareholders, so that shareholders and other users may maintain confidence in the Corporation's accounting information;
 - b.2) Check whether any fact conflicts with the audit results in the information disclosed regularly with the audited financial statements, and demand correction, if necessary;
 - b.3) Attend the annual stockholders meeting and answer any questions on audit reports and on themselves, their work and their remuneration;
 - b.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 functions of the auditor as external auditor.
- c) The External Auditor shall be rotated every five (5) years or earlier, or the handling partner shall be changed.

- d) The reason/s 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 of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused making reference to the subject matter of the disagreement in connection with its report.
- e) If an external auditor believes that the statements made in an annual report, information statement or proxy statement filed during his engagement are incorrect or incomplete, he shall also present his views in said reports.

3. Compliance System

To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of Chief Financial Officer or its equivalent.

4. Assessments

The Board should conduct an annual self-assessment of its performance, including the performance of the Chairperson, individual members and committee.

ARTICLE VI

COMMUNICATION AND INFORMATION

1. Management's Responsibility for Information

- a) Management is primarily responsible to the Board for financial reporting and control, and to this extent, shall:
 - a.1) Present a balanced and understandable 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 required to be presented by statutory requirements;
 - a.2) Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
 - a.3) Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
 - a.4) Maintain a sound system of internal control to safeguard stakeholders' investment and the Corporation's assets;
 - a.5) Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover at least the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
 - a.6) Require the Internal Auditor to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee of the Board. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management.

- b) 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 statements and documents, budgets, forecasts and monthly internal financial statements. Any variance between projections and actual results should also be disclosed and explained by Management to the Board.

Management, through the Investor Relations function, shall be responsible for publicly and timely disclosure of all material information about the Corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required submissions to the Commission for the interest of its stockholders and other stakeholders.

2. The Investor Relations Function

There shall be an Investor Relations Division within the Corporation, which shall be tasked with --

- a) Creation and implementation of an investor relations program that reaches out to all shareholders and fully informs them of corporate activities;
- b) Formulation of a clear policy on communicating or relating relevant information to Corporation stockholders and to the broader investor community accurately, effectively and sufficiently;
- c) Preparation of disclosure documents to the Commission; and
- d) Dissemination of this Manual, and the conduct of an orientation program for the Board and Management.

The Investor Relations Division shall report to the Treasurer/Chief Finance Officer.

3. Communication of this Manual

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

ARTICLE VII

DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The more transparent the internal workings of the Corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the Corporation or misappropriate its assets.

It is therefore essential that all material information about the Corporation which could adversely affect its viability or the interests of the stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others earning results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submission to the Commission for the interest of its stockholders and other stakeholders.

The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a Corporation's financial condition, results and business operations. Disclosed information should also include non-financial information, Corporation's strategic (long-term goals) and operational objectives (short-term goals), as well as impacts of a wide range of sustainability issues with emphasis on the management of environmental, economic, social and governance issues of its business which underpin sustainability. This policy should require all directors and officers to disclose/report to the Corporation any dealings in the Corporation's shares by the said directors and officers within five (5) business days.

ARTICLE VIII

STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

1. Shareholder Rights

The Board shall be committed to respect the following rights of the stockholders:

a) Voting Right

Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code and the By-Laws of the Corporation.

Voting and removal of directors shall be in accordance with the By-Laws of the Corporation.

b) Right to propose the holding of meetings and to include agenda items ahead of the scheduled annual and special stockholders' meeting

The minority shareholders shall have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

c) Right to nominate candidates to the Board of Directors

d) Right to be informed of the nomination and removal process

e) Right to be informed of the voting procedures that would govern the annual and special stockholders' meeting

f) Pre-emptive Right

All stockholders have pre-emptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation may lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law so long as they are not in conflict with the Corporation Code.

g) Right of Inspection

Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be provided an annual report, including financial statements, without cost or restrictions.

h) Right to Information

Upon request and for a legitimate purpose, a shareholder shall be provided, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers. The information Statement/Proxy Statement where these are stated must be distributed to the shareholders before annual general meetings and in the Registration Statement and Prospectus in case of registration of shares for public offering with the Commission.

In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholder's having a legitimate purpose for such access.

Results of the most recent Annual or Special Stockholders' Meeting shall be made publicly available the next working day. In addition, Minutes of the said meeting should be available on the company website within five (5) business days from the date of the meeting.

i) Right to Assets Upon Dissolution

Shareholders shall be entitled to a pro-rata share of the assets of the Corporation at the time of dissolution or liquidation thereof for as long as the shares issued by the Corporation to such shareholders are proprietary shares.

j) Appraisal Right

In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

- j.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 of corporate existence;
- j.2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- j.3) In case of merger or consolidation.

2. Duty of Directors to Promote Shareholders' Rights

It is the duty of the directors to promote shareholders' rights, remove impediments to the exercise of shareholders' rights and provide effective redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights in accordance with the By-Laws and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

ARTICLE IX

PENALTIES FOR NON-COMPLIANCE WITH THIS MANUAL

To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed after notice and hearing, on the Corporation's directors, officers, staff, in case of violation of any of the provisions of this Manual:

- a) In case of a first violation, the subject person shall be reprimanded;
- b) In case of a second violation, suspension from office or employment shall be imposed. The duration shall be at the reasonable discretion of the Board, depending on the gravity of the violation;
- c) In case of a third violation, removal from office or employment. The commission of a third violation of this Manual by any member of the Board shall be a sufficient cause for removal from directorship.

ARTICLE X

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 being performed within the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant state.
3. This Manual is subject to review and amendment to take into account the Corporation's changing needs, factual conditions prevailing in the environment and regulatory requirements.

ARTICLE XI

ADOPTION AND EFFECTIVITY

This Manual was adopted by the Board of Directors of the Corporation on December 7, 2010. Amendments to comply with regulatory issuances of the Securities and Exchange Commission shall be deemed adopted and effective upon effectivity of the regulatory issuance.

SIGNED:



JAIME E. YSMAEL
Chairman of the Board



AUGUSTO D. BENGZON
Treasurer and Compliance Officer