

COVER SHEET

A S O 9 2 - 0 0 7 0 5 9
SEC Registration Number

T K C M E T A L S C O R P O R A T I O N

(Company's Full Name)

U N I T B 1 - A / C , 2 F B U I L D I N G B
K A R R I V I N P L A Z A , 2 3 1 6 C H I N O
R O C E S A V E N U E E X T E N S I O N M A K A T I

(Business Address: No. Street City / Town / Province)

ANN MARGARET K. LORENZO

632-0905

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Month

Day

Annual Meeting

MANUAL ON CORPORATE GOVERNANCE

Form Type

Secondary License Type, if applicable

Department Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

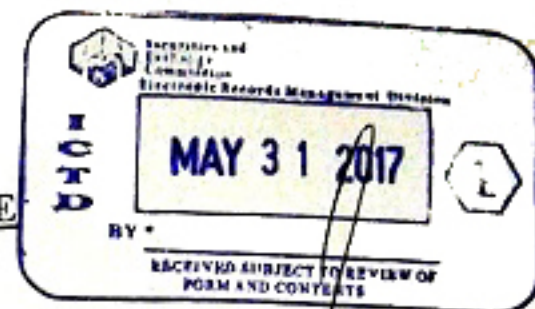
Remarks = pls. use black ink for scanning purposes

MANUAL ON CORPORATE GOVERNANCE

TKC METALS CORPORATION

Adopted 31 May 2017

MANUAL ON CORPORATE GOVERNANCE TKC METALS CORPORATION



TKC Metals Corporation. ("TKC" or the "Corporation") promulgated this Manual on Corporate Governance (the "Manual") which provides the framework of rules, systems, and processes that governs the performance of the Board of Directors (also referred to as the "Board") 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.

The Board of Directors and Management, i.e. officers and staff of the Corporation hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of the corporate goals.

In pursuit of transparency, accountability, fairness, and integrity, this Manual on Corporate Governance was approved and adopted by the Board of Directors on 31 May 2017.

I. RATIONALE

- This Manual shall institutionalize the principles of good corporate governance in the entire organization.
- The Board and Management, employees, shareholders and various stakeholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

II. POLICY STATEMENT

It is the policy of the Corporation to abide by best principles and best practices contained in this Manual, and acknowledge that the same may serve as guides in the attainment of the corporate goals.

III. DEFINITION OF TERMS

1. **Corporate Governance** – the framework of rules, systems and processes in the Corporation that governs the performance by the Board and Management of their respective duties and responsibilities to stockholders and other stakeholders.
2. **Board of Directors (or the "Board")** – the governing body elected by the stockholders that exercises the corporate powers of the Corporation, conducts all its business and controls its properties.
3. **Senior Management** – the body given the authority by the Board to implement the policies it has laid down in the conduct of the business of the Corporation.

4. **Independent Director** – a person who is independent of Management and the controlling stockholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. See also Part V (D) of this Manual.
5. **Executive Director** – a director who has executive responsibility of day-to-day operations who may be the head of a department or unit of the Corporation or performs any work related to its operations.
6. **Non-Executive Director** – a director who has no executive responsibility and does not perform any work related to the operations of the Corporation.
7. **Internal Control** – the system established by the Board and Management for the accomplishment of the Corporation’s objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules.
8. **Internal Audit** – an independent and objective assurance activity designed to add value to and improve the Corporation’s operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.

IV. RULES OF INTERPRETATION

1. All references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.
2. All doubts or questions that may arise in the interpretation of application of this Code shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders, and other stakeholders of the Corporation.

V. BOARD GOVERNANCE

The Board shall be primarily responsible for the governance of the Corporation. In setting the policies for the accomplishment of the corporate objectives, the Board shall provide an independent check on Management.

A. Composition of the Board

1. The number of members of the Board shall be that which is indicated in the Corporation’s Articles of Incorporation who are elected by the stockholders.
2. The Corporation shall have at least three (3) Independent Directors, or such number of independent directors that constitutes at least one-third (1/3) of the members of the Board, whichever is higher, subject, however, to changes in the minimum number of Independent Directors as the Securities and Exchange Commission (“SEC” or the “Commission”) other regulatory agencies shall prescribe from time to time. An Independent Director shall sit in the Board for a maximum cumulative term of nine years and shall, thereafter, be perpetually barred

from re-election as such in the same Corporation. However, he may continue to qualify for nomination and election as a non-independent Director. In the instance that a Corporation wants to retain an Independent Director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

3. The Board shall be composed of a majority of Non-Executive Directors, including Independent Directors, in order that no director or small group of directors can dominate the decision-making process.
4. The Non-Executive Directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

B. Multiple Board Seats

Each of the members of the Board shall simultaneously hold a maximum of five (5) seats in publicly-listed corporations. The optimum number ensures the capacity of a director to diligently and efficiently perform his duties and responsibilities.

C. Qualifications of Directors

In addition to the qualifications for directorship in the Corporation provided for in the Corporation Code, Securities Regulation Code and other relevant laws, rules and regulations and such other qualifications approved by the Board and incorporated in amendments to the By-laws, the Board may provide for additional qualifications which include, among others, the following:

- i. He must be a holder of at least one (1) share of stock of the Corporation registered directly under his name;
- ii. He shall be at least a college graduate or have adequate competency and sufficient understanding of and experience in managing the business to substitute for such formal education;
- iii. He shall be at least twenty one (21) years old;
- iv. He shall have proven to possess integrity and probity;
- v. He should have considerable interest in the business of the Corporation to be willing as well as able to make a positive contribution to its undertakings.
- vi. He must have a practical understanding of the business of the Corporation or previous business experience;
- vii. He must have attended a seminar on corporate governance conducted by a duly recognized private or government entity or must have issued an undertaking to attend such a seminar as soon as practicable;
- viii. In addition to the qualifications for membership in the Board required in relevant laws, the Board may provide for additional qualifications, which may include practical understanding of the Corporation's business, membership in good standing in relevant industry, business or professional organizations, and previous business experience.

D. Additional Qualifications for Independent Directors

“Independent Director” means a person who, apart from his fees and shareholdings, is independent of management and free from any business, or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director of the Corporation and includes, among others, any person who, ideally:

- i. is not, or has not been a senior officer or employee of the Corporation, unless there has been a change in the controlling ownership of the Corporation;
- ii. is not, or has not been in the three (3) years immediately preceding the election, a director of the Corporation; a director, officer, employee of its related companies; or a director, officer, employee of the Corporation's substantial stockholders and its related companies, except when the same shall be an Independent Director of any of the foregoing;
- iii. has not been appointed in the Corporation, and its 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 the election;
- iv. does not own more than two percent (2%) of the shares of the Corporation and/or its related companies or any of its substantial stockholders;
- v. is not a relative of any director, officer or substantial stockholder of the Corporation, any of its related companies or any of its substantial stockholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- vi. is not acting as a nominee or representative of any director of the Corporation, and/or any of its related companies;
- vii. is not retained, either in his personal capacity or through his firm or any similar entity, as professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies and/or substantial stockholder, within the last three (3) years immediately preceding the date of his election;
- viii. has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arms-length and are immaterial;
- ix. is not a securities broker-dealer or a person holding office of trust and responsibility in 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;
- x. is independent of Management, substantial shareholdings, and material relations, whether it

be business or otherwise, which could reasonably be perceived to impede the performance of independent judgment;

- xii. is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders;
- xiii. is not employed as an executive officer of another corporation where any of the Corporation's executives serve as directors.

When used in relation to the Corporation, "related company" means another company which is: (1) its holding company; (b) its subsidiary, affiliate, and special purpose entities; or (c) a subsidiary of its holding company, that the Corporation exerts direct or indirect control over or that exerts direct or indirect control over the Corporation; and "substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

E. Disqualifications from Directorship

a) Grounds for Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

- i. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) 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 (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- ii. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or 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 (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been 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 its member or participant;

- iii. 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;
- iv. Any person who has been adjudged by final judgment or order of the Commission, 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 administered by the Commission or BSP, or any of its rule, regulation or order;
 - v. Any person earlier elected as Independent Director who becomes an officer, employee or consultant of the same corporation;
 - vi. Any person judicially declared to be insolvent;
 - vii. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;
 - viii. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and
 - ix. Other grounds as the SEC may provide.

b) Grounds for Temporary Disqualification

Any of the following shall be a ground for temporary disqualification of a director:

- i. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- ii. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for the succeeding election;
- iii. Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- iv. Being under preventive suspension by the Corporation;
- v. If the beneficial equity ownership of an Independent Director in the Corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
- vi. 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 reasons, the disqualification shall become permanent.

VI. RESPONSIBILITIES, DUTIES AND FUNCTIONS OF THE BOARD

A. General Responsibility

The Board of Directors responsibilities include the following:

1. Fostering 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 and other stakeholders.
2. Formulating the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

B. Specific Duties and Functions

The Board of Directors shall:

1. 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; and adopt an effective succession planning program for Management;
2. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures; establish programs that can sustain its long-term viability and strength; Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
3. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices;
4. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation. If feasible, the Corporation's President/Chief Executive Officer (CEO) or Treasurer/Chief Financial Officer (CFO) shall exercise oversight responsibility over this program;
5. Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations, and formulate a clear policy of accurate, timely, and effective communication with them;
6. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times. There shall be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness;
7. Approve the selection and assisting the performance of Management led by the CEO, and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive);

8. Constitute the various Board committees it deems necessary to assist the Board in the performance of its duties (i.e. Audit, Board Risk Oversight, Corporate Governance, and Related Party Transaction).
9. Establish an effective performance management frameworks that will ensure that Management, including the CEO, and personnel's performance is at par with the standards set by the Board and Senior Management;
10. Oversee that an appropriate internal control system is in place including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders;
11. Oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess, and manage key business risk;
12. Define the Corporations level of risk tolerance and provide oversight over its risk management policies and procedures;
13. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;
14. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions, if any, between and among the Corporation and its subsidiaries, 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;
15. Establish and maintain an alternative dispute resolution system in the company that can amicably settle conflicts or differences between the Corporation and its stockholders, third parties, regulatory authorities, and others;
16. Meet at such times or frequency as may be needed. The meetings are recorded. Independent views during Board meetings shall be encouraged and given due consideration;
17. Apply high ethical standards taking into account the interests of all stakeholders; 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;
18. Ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies;
19. Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-laws, and in accordance with existing laws, rules and regulations;
20. Designate a lead director among Independent Directors if the Chairman of the Board is not independent, including if the positions of Chairman of the Board and Chief Executive Officer (CEO) are held by one person;

21. Appoint a Compliance Officer who shall not be a member of the Board of Directors and should annually attend training on corporate governance. The Compliance Officer shall have the following duties and responsibilities:
- a. Ensures proper onboarding of new directors (i.e. orientation on the Corporation's business, charter, Articles of Incorporation, and By-Laws, among others).
 - b. Monitors, reviews, evaluates, and ensures the compliance by the Corporation, its officers, and directors with the relevant laws, the Code of Corporate Governance for Publicly-Listed Companies, rules and regulations and all governance issuances of regulatory agencies, and with this Manual.
 - c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action.
 - d. Ensures the integrity and accuracy of all documentary submissions to regulators.
 - e. Appears before the SEC or BSP when summoned in relation to compliance the Code of Corporate Governance for Publicly-Listed Companies, rules and regulations and all governance issuances of regulatory agencies, and with this Manual.
 - f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation.
 - g. Identifies possible areas of compliance issues and works towards the resolution of the same.
 - h. Ensures the attendance of Board members and key officers to relevant trainings.
 - i. Performs such other duties and responsibilities as may be provided by the SEC.

VII. SPECIFIC DUTIES AND RESPONSIBILITIES OF A DIRECTOR

The following shall be the specific duties and responsibilities of a Director:

- i. Conduct fair business transactions with the Corporation and ensure that his personal interest does not conflict with the interests of the Corporation.
 - (a) A Director shall not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He shall avoid situations that may compromise his impartiality. If an actual or potential material conflict of interest may arise on his part, he shall fully and immediately disclose it and shall not participate in the decision-making process.
 - (b) A conflict of interest shall be considered material if the Director's personal or business interest is antagonistic to that of the Corporation or stands to acquire or gain financial advantage at the expense of the Corporation.
 - (c) A Director with a material interest in any transaction affecting the Corporation should abstain from taking part in the deliberations for the same.

- ii. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities. A Director shall devote sufficient time to familiarize himself with the Corporation's business. He shall be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He shall attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.
- iii. Act judiciously. Before deciding on any matter brought before the Board, a director shall carefully evaluate the issues and, if necessary, make inquiries and request clarification.
- iv. Exercise independent judgment. A Director shall view each problem or situation objectively. If a disagreement with other directors arises, he shall carefully evaluate and explain his position. He shall not be afraid to take an unpopular position. He shall support plans and ideas that he thinks are beneficial to the Corporation
- v. Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulations of SEC, BSP, and other regulatory agencies. A Director shall also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.
- vi. Observe confidentiality. A Director shall keep secure and confidential all non-public information he may acquire or learn by reason of his position as Director. He shall not reveal confidential information to unauthorized persons without the authority of the Board.

VIII. INTERNAL CONTROL RESPONSIBILITIES OF THE BOARD

The Corporation establishes an internal audit system that can reasonably assure the Board, Management, Stockholders, and shareholders that its key organizational and operational controls are faithfully complied with. The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) the Senior Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the organizational and procedural controls; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations and contracts.

The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:

- i. Definition of the duties and responsibilities of the President/CEO who is ultimately accountable for the Corporation's organizational and operational controls.
- ii. Selection of the person who possesses the ability, integrity and expertise essential for the position of President/CEO.
- iii. Evaluation of proposed Senior Management appointments.

- iv. Evaluation of standards to select of qualified and competent management officers.
- v. Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- vi. Appointment or outsourcing an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing. The appointment and removal of the Internal Auditor shall be upon prior approval of the Audit Committee. The Internal Auditor shall report to the Audit Committee.

**IX.
BOARD MEETINGS AND QUORUM REQUIREMENT**

- i. The members of the Board shall attend its regular and special meetings in person or through teleconference or videoconference or by any other technological means allowed by the SEC, except when justifiable causes, such as illness, death in the immediate family, and serious accidents, prevent them from doing so. In Board and Committee meetings, the Director should review meeting materials, and if called for, ask the necessary questions or seek clarifications and explanations.
- ii. Independent Directors shall, as much as possible, attend Board meetings. Although, their absence shall not affect the quorum requirement, the Board may require the presence of at least one (1) Independent Director in all its meetings to promote transparency.
- iii. The Board of Directors shall meet at least four (4) times a year. Board meetings shall be scheduled in advance before the start of the year.
- iv. Items to be discussed during the board meeting shall be made available to each director at least five (5) days in advance. In emergency circumstances, however, the meeting may be called on a shorter notice.
- v. Non-Executive Directors shall meet periodically with the External Auditor and heads of the internal audit, compliance, and risk functions, without the presence of Executive Directors and key officers. The meetings should be chaired by the lead Independent Director.
- vi. Presence of majority of the directors is required when determining the quorum of the meeting.

**X.
BOARD COMMITTEES**

To aid in complying with the principles of good corporate governance, the Board shall constitute the following Committees: Audit Committee, Board Risk Oversight Committee, and Corporate Governance Committee, and Related Party Transactions Committee. The Board may form other committees as it may deem appropriate.

The Board shall appoint the members and chairman from among them, of each Board Committee following the annual meeting of stockholders at which the directors are elected. In case of any vacancy in the Board Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of

the Board subject to the provision of its Committee Charters.

Each Board Committee shall have a Charter which shall define and govern, among other matters, its purposes, composition, membership qualifications and disqualifications, duties and responsibilities, conduct of meetings, and procedures for escalation to the Board of decisions of such Board Committee.

A. Audit Committee

The Audit Committee shall be composed of at least three (3) members of the Board, all of whom are Non-Executive Directors, and a majority of whom, including the Chairman, shall be Independent Directors. Each member shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance. The Chairman should not be the Chairman of the Board or of any other committee.

The Charter of the Audit Committee is attached as **Annex “A”**.

B. Board Risk Oversight Committee

The Risk Committee shall be composed of at least three (3) members of the Board, majority of whom shall be Independent Directors, including the Chairman thereof. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant and thorough knowledge and experience on risk and risk management.

The Charter of the Board Risk Oversight Committee is attached as **Annex “B”**.

C. Corporate Governance Committee

The Committee shall consist of at least three (3) members of the Board of Directors, all of whom shall be Independent Directors, including the Chairman. The Corporate Governance Committee assists and advises the Board of Directors in performing corporate governance compliance responsibilities in relation with the Corporation’s Manual on Corporate Governance, the Philippine Code of Corporate Governance, and disclosure rules of the Securities and Exchange Commission and the Philippine Stock Exchange, Inc.

The Charter of the Corporate Governance Committee is attached as **Annex “C”**.

D. Related Party Transactions Committee

The Committee shall consist of at least three (3) Non-Executive members of the Board of Directors, majority of whom, including the Chairman, shall be Independent Directors. The Related Party Transactions (RPT) Committee assesses material agreements with related parties to ensure that the RPT transactions are conducted at market rates and on an arm’s length basis. For this purpose, transactions considered material are subject for review by the RPT Committee prior to Board approval and Management execution.

The Charter of the Related Party Transactions Committee is attached as **Annex “D”**.

XI. OFFICERS

A. Separation of Roles

1. The roles of Chairman and President/CEO shall be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chairman and President/CEO upon their election.
2. If the positions of Chairman and President/CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

B. Chairman

In addition to the duties and responsibilities of the Chairman as provided in the Corporation's By-Laws, he shall be responsible for the following:

- i. Ensures that the meetings of the Board are held in accordance with the By-Laws or as the Chairman shall deem necessary.
- ii. Presides at all meetings of stockholders and directors.
- iii. Supervises the preparation of the agenda of each meeting of the Board, the Shareholders, and any of the committees of the Board with the Corporate Secretary, taking into account the suggestions of the President and CEO, Management and other directors.
- iv. Maintains qualitative and timely lines of communication and information between the Board and Management.
- v. Ensures general supervision and administration of the affairs of the Corporation.
- vi. Initiates and develops corporate objectives and policies and formulate long range projects, plans, and programs for the approval of the Board.
- vii. Carries out the resolutions of the Board and represent the Corporation at all function and proceedings.
- viii. 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.
- ix. Guarantees that the Board received accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.
- x. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors.
- xi. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management.

- xii. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors.
- xiii. Ensures that performance of the Board is evaluated at least once a year and discussed/ followed up on, and
- xiv. Performs other duties that are incident to his office or entrusted to him by the Board.

C. Chief Executive Officer (CEO)

The CEO shall have the following duties and responsibilities in addition to his duties in the Corporation By-Laws.

- i. Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the businesses.
- ii. Communicates and implements the Corporation's vision, mission, values, and overall strategy, and promotes any organization or stakeholder change in relation to the same.
- iii. Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan.
- iv. Has a good working knowledge of the Corporation's industry and market, and keeps up-to-date with its core business purpose.
- v. Directs, evaluates, and guides the work of the key officers of the Corporation.
- vi. Manages the Corporation's resources prudently and ensures a proper balance of the same.
- vii. Provides the Board with timely information and interfaces between the Board and the employees.
- viii. Builds the corporate culture and motivate the employees of the Corporation.
- ix. Serves as the link between internal operations and external stakeholders.

D. President

The President in addition to his duties in the Corporation's By-Laws, shall have the following powers and duties:

- i. Ensure that the administrative and operational policies of the Corporation are carried out under the direction and control of the Chairman on the Board and CEO.
- ii. Have general supervision of the business, affairs and property of the Corporation, and over its employees and officers. c. Recommend to the Chairman of the Board and the Board specific projects for the attainment of corporate objectives and policies.
- iii. Sign and cause the signatures of Certificates of Stocks.
- iv. See that all orders and resolutions of the Board are carried into effect.

- v. Submit to the Board as soon as possible after the close of the 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.
- vi. 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.
- vii. Exercise such powers and duties and perform such duties commonly incident to and vested in the President of a Corporation and which the Board or Chairman of the Board may, from time to time assign to him.

E. Corporate Secretary and Assistant Corporate Secretary

The Corporate Secretary and Assistant Corporate Secretary are officers of the Corporation. As such, a high level of competence and dedication to duty is expected of him. He must be loyal to the mission, vision and objectives of the Corporation. The Corporate Secretary and Assistant Corporate Secretary shall be a Filipino citizen and a resident of the Philippines. Considering his varied functions and duties, he must possess some level of competence not only in legal matters but also in other areas deemed necessary for him to perform the tasks assigned to him. He must possess appropriate administrative, interpersonal and legal skills, be aware of the laws, rules and regulations necessary in the performance of their duties or responsibilities. He must also have a working knowledge of the operations of the Corporation. He should be a separate individual from the Compliance Officer and should not be a member of the Board of Directors. He should annually attend training on corporate governance.

The Corporate Secretary shall have the following functions:

- i. 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 assisting the chairs of the Board and its Committees to set agendas for those meetings;
- ii. Gathers and analyzes all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
- iii. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its Committees, as well as the other official records of the Corporation.
- iv. 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.
- v. 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.
- vi. Advises on the establishment of Board Committees and their terms of reference.

- vii. Informs members of the Board, in accordance with the By-Laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- viii. Assists the Board in making business judgment in good faith and in the performance of their responsibilities and obligations. Work fairly and objectively with the Board, management, stockholders, and other stakeholders.
- ix. Attends all Board meetings except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so. He shall maintain records of the same.
- x. Performs required administrative functions.
- xi. Oversees drafting of By-Laws, and ensures its conformity to regulatory requirements.
- xii. Submits to the SEC, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.
- xiii. Ensures that all Board procedures, rules and regulations are strictly followed by the members.
- xiv. Performs such other duties and responsibilities as may be provided by the SEC.

F. External Auditor

An External Auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation. The External Auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee from the pool of duly accredited independent auditors by the SEC. 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 of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure. The External Auditor or the lead partner thereof primarily responsible for the audit of the Corporation or the review thereof shall be rotated or changed at least once every five (5) years. The external auditor shall have the following functions:

- i. The External Auditor shall enable an environment of sound corporate governance as reflected in the financial records and reports of the Corporation. The External Auditor shall undertake an independent audit and provide an objective assurance on the matter by which the Corporation's financial statements have been prepared and presented.
- ii. If an External Auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

The External Auditor of the Corporation shall not at the same time provide the services of an Internal Auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the External Auditor or shall not pose a threat to his independence. "Non-audit work" refers to other services offered by the External Auditor to the Corporation that are not directly related and relevant to its statutory audit functions, such as payroll, bookkeeping, reconciliation, computer project management, data processing, or information

technology outsourcing services and other services, that may compromise the independence and objectivity of the External Auditor.

G. Internal Auditor

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.

The following are the duties and responsibilities of the Internal Auditor:

- i. Provides an independent risk-based assurance service to the Board, Audit 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;
- ii. Performs regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;
- iii. Performs consulting and advisory services related to governance and control as appropriate for the organization;
- iv. Performs compliance audit of relevant laws, rules and regulations, contractual obligations, and other commitments, which could have a significant impact on the organization;
- v. Reviews, audits, and assesses the efficiency and effectiveness of the internal control system of all areas of the Corporation;
- vi. 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;
- vii. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- viii. Monitors and evaluates governance processes.

The Internal Auditor shall report to the Audit Committee.

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

There shall be 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.

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.

The system of internal control shall be designed to manage, rather than eliminate, the risk of failure to achieve business targets and objectives and shall provide reasonable, although not absolute assurance against material misstatement or loss.

XII. ADEQUATE AND TIMELY INFORMATION

- i. To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.
- ii. Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities.
- iii. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.
- iv. The members, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the company's expense.

XIII. ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the stockholders. It shall provide them with an assessment of the Corporation's performance, position, prospects and other information on a periodic basis, including interim and other reports that can adversely affect its business, as well as reports to regulators that are required by law. The CEO, President, and other key officers, the Board as a whole, the individual directors, and the Board Committees shall be subjected to an annual assessment of their performance.

Management shall formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- i. The extent of its responsibility in the preparation of the financial statements.
- ii. An effective system of internal control.
- iii. On the basis of the approved audit plans, internal audit examinations shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information system, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.

- iv. The Internal Auditor shall submit to the Board and Management an annual report on the internal audit unit's activities, responsibilities and performance relative to the audit plans and strategies including risk exposures, control issues, and others. He shall certify, if applicable, that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing.

XIV. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

The Board shall be committed to respect the following rights of the stockholders as provided for in the Corporation Code as well as the Articles of Incorporation, By-Laws and all resolutions adopted by the Board:

A. Voting Right

1. Shareholders shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code.
2. Cumulative voting shall be used in the election of Directors.
3. A Director shall not be removed without cause if it will deny minority shareholders representation in the Board.

B. Preemptive Right

All stockholders shall have preemptive rights, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to increases in the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

C. Power of Inspection

All 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 furnished with annual reports, including financial statements, without cost or restrictions.

D. Right to Information

1. The Shareholders shall be provided, upon reasonable request, with periodic reports which disclose 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. Such information is found in the annual report.
2. The minority shareholders shall have reasonable access to information relating to matters for which the management is accountable for, provided that such information shall not include details of corporate strategy, proprietary formulations, or similar matters, which if revealed to

competitors would cause the Corporation harm.

Such requests for information shall be addressed to the Chairman of the Board who is required to refer such requests to the management at the next Board meeting. The Board shall decide on whether or not to grant the request. If, in the opinion of the Board, it considers the request for information as unreasonable or may have adverse effect on the Corporation, it shall so inform the requesting shareholder, copy furnished the SEC.

Minority shareholders shall also have the right to request certain items to be placed on the agenda of the shareholders meeting. Such requests shall be addressed to the Chairman who shall agenda the request for the next board meeting. As in the request for information, the Board shall act on the request and if it does not grant the same, it shall inform the shareholder and the SEC of its action.

Any shareholder not satisfied with this action may bring this matter to the attention of the shareholders under other matters during the annual meeting, in which case the final decision on whether or not to deliberate on the matter will be exercised by the shareholders.

3. The Board shall establish an Investor Relations Officer (IRO) to ensure constant engagement with the Shareholders. The IRO shall be present at every Shareholders' meeting.

E. Right to Dividends

1. Shareholders shall have the right to receive dividends subject to the discretion of the Board.
2. The Corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, 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.

F. Appraisal Right

The shareholders' 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 of the Philippines, under any of the following circumstances:

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;
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
3. In case of merger or consolidation.

It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights as

such in accordance with applicable laws.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. They shall encourage the exercise of shareholders' voting rights. They shall likewise carry out appropriate mechanisms to promote problem solving through collective action. Stockholders should be encouraged to personally attend such meetings and they should be apprised ahead of time of their right to appoint a proxy in case they could not personally attend such meeting. The exercise of that right should not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor, subject to the requirements of applicable laws, regulations and the By-Laws.

The Board shall be instrumental in removing excessive or unnecessary costs and other administrative or practical impediments to shareholders' participation in meetings and/or voting in person or by proxy. Relevant and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. The Directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints, and subject to the financial capability of the Corporation.

G. Annual and Special Shareholders' Meetings

1. Notices of Annual and Shareholders' Meetings with sufficient and relevant information shall be sent to Shareholders at least twenty-eight days (28) before the meeting.
2. The results of the votes taken during the most recent Annual or Special Shareholders' Meeting shall be made publicly available the next working day.
3. The Minutes of the Annual or Special Shareholders' Meeting shall be available on the company website within five (5) business days from the end of the meeting.

XV. GOVERNANCE SELF-RATING SYSTEM

The Board shall create an internal self-rating system that can measure its performance, including the performance of the Chairman, individual members, and committees in accordance with the criteria provided for in this Manual. This self-rating shall be done on a quarterly basis and after the close of every fiscal year, and submitted to the SEC and BSP, if required. The assessment should be supported by an external facilitator every three (3) years.

XVI.
DISCLOSURE AND TRANSPARENCY

1. The essence of corporate governance is transparency. The more transparent the internal workings of the Corporation are, the better it will be for Management and dominant stockholders to manage the Corporation properly and utilize its assets effectively.
2. The Board shall cause the submissions of all required reports to BSP, SEC, and other regulatory authorities for the interest of its stockholders and other stakeholders.
3. The Corporation shall establish corporate disclosure policies and procedures that are practical and in accordance with the best practices and regulatory expectations.
4. The Corporation shall establish a policy requiring all Directors and Officer to disclose / report to the Corporation any dealings in the Corporation's shares within three (3) business days.
5. The Board shall fully disclose all relevant and material information on individual Board members and key executives to evaluate their experience and qualification, and assess any potential conflicts of interest that might affect their judgment.
6. The Corporation shall make a full, fair, accurate, and timely disclosure 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. The Board shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.
7. The Board shall establish a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.

XVII.
INFORMATION DISSEMINATION

The Corporation shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information, including media and analysts' briefings, to assist investors, stakeholders, and other interested users to make informed decisions.

XVIII.
COMMITMENT TO GOOD CORPORATE GOVERNANCE

1. The Corporation shall establish and implement its corporate governance rules in accordance with this Manual that can be used as reference by the members of the Board and Management.
2. The Manual shall be made available for inspection by any shareholder at reasonable hours on business days.

XIX.
PENALTIES FOR NONCOMPLIANCE WITH THE 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, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:

- i. In case of **first violation**, the subject person shall be reprimanded.
- ii. Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation.
- iii. For **third violation**, the maximum penalty of removal from office shall be imposed.

The commission of a third violation of this Manual by any member of the Board of Directors of the Corporation or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

The Compliance Officer shall be responsible for determining violations through notice and hearing and shall recommend to the Chairman of the Board the penalty for such violation, for further review and approval of the Board.

XX.
REGULAR REVIEW OF THE MANUAL AND THE SCORECARD

The BSP or SEC may require the Corporation to conduct a review of the Manual, and to accomplish a scorecard on a periodic basis on the scope, nature and extent of the actions they have taken to meet the objectives of this Manual, for which the Corporation may comply.

XXI.
ADOPTION AND EFFECTIVITY

This Manual on Corporate Governance has been approved and adopted by the Board of Directors on 25 November 2016 and shall take effect immediately.

Amendments to comply with the regulatory issuances of the Securities and Exchange Commission (SEC) shall be deemed adopted and effective upon the effectivity of the regulatory issuance.

**ANNEX “A”
AUDIT COMMITTEE CHARTER**

I. Purpose

The purpose of the Audit Committee (the ‘Committee’) is to represent and assist the Board in its general oversight of the Corporation’s accounting and financial reporting processes, audits of the financial statements, and internal control and audit functions. Management is responsible for preparing the Corporation’s financial statements, and the independent auditors are responsible for auditing those financial statements.

The Audit Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent auditor under applicable rules. The Audit Committee serves a board level oversight role where it oversees the relationship with the independent auditor, as set forth in this charter, and provides advice, counsel and general direction, as it deems appropriate, to management and the auditors on the basis of the information it receives, discussions with the auditor, and the experience of the Committee’s members in business, financial and accounting matters.

II. Membership

The Committee shall be appointed by the Board and shall comprise of at least three directors, all non-executive directors with a majority of whom are Independent Directors, who meet the experience and independence standards of the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange (“PSE”) and other applicable laws and regulations. The Chairman shall be an Independent Director and should not be the Chairman of the Board or of any other committees. All Committee members must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. In case of any vacancy in the Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board subject to the provision of this Charter. Committee members may receive no compensation from the Corporation other than director’s fees.

III. Meeting

1. The Committee will meet as often as may be deemed necessary or appropriate in its judgment, at least quarterly each year, and at such times and places as the Committee shall determine. The majority of the members of the Committee shall constitute a quorum. The Committee will meet separately, at least quarterly, with the independent auditors and management to discuss any matters that they wish to bring to the Committee’s attention.
2. The Committee shall report to the Board with respect to its meetings, including any issues that arise with respect to the quality or integrity of the Corporation’s financial statements, the Corporation’s compliance with legal or regulatory requirements, and/or the performance and independence of the Corporation’s independent auditors.

IV. Committee Authority and Responsibilities

The primary responsibility of the Committee is to oversee the Corporation’s financial controls and reporting processes on behalf of the Board and report the results of its activities to the Board. The Committee in carrying out its responsibilities believes its policies and procedures should remain flexible,

in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall corporate “tone” for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. The Committee may perform such other duties and responsibilities as are consistent with its purpose and as the Board or the Committee deems appropriate.

Appointment, Compensation, Retention, Rotation and Oversight of Independent Auditors

1. Independent auditors.

The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Corporation. The Corporation shall provide the appropriate funding, as determined by the Committee, for payment of compensation to the public accounting firm so engaged.

The independent auditor (external auditor) shall be selected and appointed by the stockholders upon the recommendation of the Audit Committee from the pool of duly accredited independent auditor by the regulatory authorities, e.g. SEC. The external auditor or the lead partner thereof primarily responsible for the audit of the Corporation or the review thereof shall be rotated or changed at least once every five (5) years or as determined by the regulatory authorities.

The Committee shall also be responsible for: (a) ensuring its receipt from the independent auditors of a formal written statement delineating all relationships between the auditor and the Corporation, consistent with Philippine Standards on Auditing and Philippine Financial Reporting Standards, (b) actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor, and (c) taking, or recommending that the full Board take, appropriate action to oversee the independence of the external auditor. In connection with these responsibilities, the Committee shall discuss the auditor’s independence from management and the Corporation, including whether the auditors’ performance of permissible non-audit services is compatible with their independence. This process will include, at least annually, the Committee’s review of the independent auditors’ internal control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and (to assess the auditor’s independence) all relationships between the Independent Directors and the Corporation. The Corporation shall review the use of auditors other than the independent auditor in cases such as management’s request for second opinions.

Approval of Audit Engagement and the Related Audit Scope and Audit Plans

The Committee shall pre-approve all audit plans, scope and frequency before the conduct of the external and internal audit.

- 2. Audit services.** The Committee shall discuss with the independent external and internal auditors the overall scope and plans for their respective audits including their respective responsibilities

and the adequacy of staffing and compensation. The Committee shall approve in advance all audit engagement fees and the terms of all audit services to be provided by the independent auditors.

3. **Permissible non-audit services.** The Committee shall establish policies and procedures for the engagement of the independent external auditors to provide permissible non-audit services, which shall include pre-approval of permissible non-audit services to be provided by the independent external auditors. The Committee may, from time to time, delegate its authority to pre-approve non-audit services to one or more Committee members, provided that such delegate(s) present any such approvals to the full Committee at its next scheduled meeting.

Review of Financial Reports

The Committee shall check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements. It shall review the reports submitted by the internal and external auditors. It shall review interim and annual financial statements before the submission to the Board with particular focus on the following matters: any change/s in accounting policies and practices; major judgment areas; significant adjustments resulting from the audit; going concern assumptions; compliance with accounting standards and compliance with tax, legal and regulatory requirements.

4. **Review of interim financial statements; earnings releases.** The Committee shall review the interim financial statements, and the Corporation's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with management prior to the filing of the Corporation's Quarterly Report on SEC Form 17-Q. The Committee will discuss the Corporation's policies and procedures with respect to earnings releases, financial information and earnings guidance provided to analysts and rating agencies. The Committee will discuss the results of the quarterly review and any other matters required to be communicated to the Committee. The Chairman of the Committee may represent the entire Committee for the purposes of this review.
5. **Review of annual audited financial statements.** The Committee shall review with management and the independent auditors the financial statements to be included in the Corporation's Annual Report on SEC Form 17-A (or the annual report to shareholders), including (a) their judgment about quality, not just acceptability, of the Corporation's accounting principles, including significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (b) the clarity of the disclosures in the financial statements; and (c) the Corporation's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, including critical accounting policies.

The Committee will also review with management and the independent auditors (a) major issues regarding accounting principles and financial statement presentations, including significant changes in the selection or application of accounting principles; (b) major issues regarding the adequacy of internal controls and steps taken in light of material deficiencies; and (c) the effects of alternative accounting methods and regulatory and accounting initiatives on the financial statements.

The Committee will discuss the results of the annual audit and any difficulties the independent auditors encountered in the course of their audit work, including any restrictions on the scope of the auditors' activities or on access to requested information, and any significant disagreements with management. The Committee will also discuss any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing

standards, and the annual report on internal controls by the Chief Executive Officer and Chief Financial Officer, as received by the independent auditors.

Based on these reviews, the Committee will make a recommendation to the Board as to whether the audited financial statements should be included in the Corporation's Annual Report on SEC Form 17-A.

Appointment and Oversight of Internal Auditors

- 6. Internal controls, disclosure controls and procedures.** The Committee will review and discuss with management and the independent auditors the Corporation's internal controls. The Committee will review and discuss the Corporation's disclosure controls and procedures, and the periodic assessments of such controls and procedures by the President and Treasurer.

To help the Senior Management in setting-up and monitoring the effectiveness of the Corporation's internal control system, the Committee shall organize an internal audit department (in-house or outsourced) and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.

The Committee shall establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. The Internal Auditor shall functionally report to the Audit Committee. The Audit Committee shall ensure that in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

The independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which the Board, senior management, stockholders and other stakeholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

The minimum internal control mechanisms for management's operational responsibility shall center on the CEO and/or President, being accountable for the Corporation's organizational and procedural 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 the business; 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.

Other Duties and Responsibilities

- 7. Complaint procedures.** The Committee will establish procedures for receipt, retention and treatment of complaints regarding accounting, internal accounting controls, and auditing matters, including procedures for confidential, and anonymous submission of concerns by employees regarding accounting and auditing matters.

The Committee shall respond to any request from management for evaluation of compliance with the Code of Conduct, Manual on Corporate Governance and Standard Operating Policies and Procedures. The task of insuring that the Employee Code of Conduct has been understood and religiously complied with is collectively entrusted to both the Human Resource Division and the Department or Division where the employee is affiliated. The Compliance Officer shall be responsible for determining violations on the Manual on Corporate Governance through notice

and hearing and shall recommend to the Chairman of the Board the penalty for such violation, for further review and approval of the Board.

- 8. Hiring of auditor personnel.** The Committee shall set clear hiring policies with regard to employees and former employees of the independent auditors.
- 9. Charter.** The Committee shall periodically (but no less than annually) review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- 10. Annual performance evaluation.** The Committee shall annually review its own performance.
- 11. Investigative authority.** In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Corporation.

The Committee shall perform direct interface functions with the internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

- 12. Training and Education.** As part of their continuing education, each member shall attend seminar on corporate governance conducted by a duly recognized private or government institute and accredited by the Securities and Exchange Commission. Each member is also encouraged to attend seminars and trainings relevant to their performance as members of the Audit Committee, e.g. financial reporting and audit, internal control, risk management and others.
- 13. Performance of Other Committee Functions.** The Committee may perform such other functions under the Code of Corporate Governance for Publicly Listed Companies.

V. Outside Advisors.

The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions.

VI. Miscellaneous.

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX “B”
BOARD RISK OVERSIGHT COMMITTEE CHARTER

I. Purpose

The Risk Oversight Committee (the ‘Committee’) is established for the purpose of assisting the Board in overseeing the Corporation’s practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The Risk Committee will assist the board in providing framework to identify, assess, monitor and manage the risks associated with the Corporation’s business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Corporation’s risk profile.

II. Membership

The Committee shall be appointed by the Board and shall comprise of, at least three (3) directors, majority of whom shall be Independent Directors, including the Chairman thereof. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant and thorough knowledge and experience on risk and risk management. Vacancies may be filled at any time during the year by action of the full Board. The term of the service for Committee members shall be one year or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. Meetings

The Committee shall meet at least quarterly each year or more frequently as circumstances dictate. The Committee will also periodically meet with Senior Management, the internal auditor and risk management officer to discuss any matters that they wish to bring to the Committee’s attention. A quorum at any Committee meeting shall be at least a majority of the Committee members. All determinations of the Committee shall be at least a majority of its members present at a meeting duly called for and held. Minutes of all meetings of the Committee shall be prepared to document the Committee’s discharge of its responsibilities. The minutes shall be circulated in draft form to all committee members to ensure an accurate final record shall be approved at a subsequent meeting of the Committee and distributed periodically to the full Board.

IV. Key Responsibilities

The Committee shall have the authority of the Board to:

- i. Oversee the Corporation’s risk management function;
- ii. Develop a formal risk management policy that guides the Corporation’s risk management and compliance processes and procedures;
- iii. Design and undertake its enterprise-wide risk management activities in accordance with internationally recognized frameworks;
- iv. Discuss and review policies with respect to risk assessment and risk management including the Corporation’s major financial and business risk exposures and the actions the management has undertaken to control them;

- v. Set the tone and influence the culture of risk management which includes determining the appropriate risk appetite (risk-taker or risk-averse) or level of exposure as a whole or on any relevant individual issue, determining what types of risk are acceptable and which types are not;
- vi. Monitor the management of significant risk to reduce the likelihood of unwelcome surprises;
- vii. Satisfy itself that less significant risks are being actively managed with the appropriate controls in place and working effectively;
- viii. Annually review the Corporation's approaches to risk management and recommends to the Board changes or improvements to key elements of its processes and procedures;
- ix. Perform other activities consistent with this charter, the Corporation's By-Laws and governing law as the Committee or the Board deems necessary or appropriate.

Risk Assessment and Promotion of Risk Awareness. The Committee will review and discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.

The Audit Committee with the Risk Committee will provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from management of information on risk exposures and risk management activities.

All directors, officers and employees shall be made aware of risks involved if actions taken are not in conformity with the existing government laws, rules and regulations, Corporation's Employee Code of Conduct, Corporation's Manual on Corporate Governance and Corporation's Standard Operational Policies and Procedures.

Adequate number of printed copies of the Corporation's Employee Code of Conduct, Manual on Corporate Governance and Standard Operational Policies and Procedures must be reproduced and distributed for reading and reference or must be readily available for easy access by all directors, officers and employees to enjoin continuing compliance.

V. Outside Advisors

The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX “C”
CORPORATE GOVERNANCE COMMITTEE CHARTER

The Corporate Governance Committee (the ‘Committee’) shall assist the Board and the Corporation’s Management in performing corporate governance compliance responsibilities in relation with the Corporation’s Manual on Corporate Governance, the Philippine Code of Corporate Governance, and disclosure rules of the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange, Inc. (“PSE”).

I. Purposes

The Committee shall be tasked to review and, if necessary, establish a formal and transparent policy on ensuring the Board of Directors’ effectiveness and due observance of sound corporate governance principles and guidelines.

II. Membership

The Committee shall be composed of three (3) Directors, all of whom, including the Chairman, shall be Independent Directors pursuant to the SEC and the PSE’s definition of independence. The Chairman and members of the Committee shall be appointed annually by the Board. Vacancies shall be filled by the Board of Directors, and any member of the Committee may be removed by the Board of Directors. The Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

III. Meetings

1. The Committee shall meet in accordance with the annual meeting schedule or at the call of its Chairman or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

2. Procedures fixed by the Committee shall be subject to any applicable provision of the Corporation’s By-Laws. Written minutes of each meeting shall be duly filed in the Corporation’s records, and reports of meetings of the Committee shall be made to the Board of Directors at its next regularly scheduled meeting following the Committee meeting and shall be accompanied by any recommendations to the Board of Directors approved by the Committee.

IV. Key Responsibilities

The Committee shall have the authority to:

- i. Assist the Board of Directors in fulfilling its corporate governance responsibilities.
- ii. Develop and review the Company’s policies and practices in corporate governance and make recommendations to the Board of Directors.
- iii. Review and monitor the training and continuous professional development of Directors, Senior Management, and Management.
- iv. Recommend comprehensive orientation programs for new Directors, and from time to time, continuing education programs for Directors, when appropriate.

- v. Review and monitor the Corporation's policies and practices on compliance with legal and regulatory requirements.
- vi. Develop, review, update and monitor the Manual of Corporate Governance, its effective dissemination and implementation on an annual basis, or more frequently if appropriate, and recommend changes for the approval of the Board of Directors, when necessary.
- vii. Review the Corporation's compliance with the Corporate Governance Manual, SEC Code of Corporate Governance and PSE Corporate Governance Guidelines.
- viii. Review and deliberate the Corporation's Corporate Governance Scorecard prescribed by regulatory authorities and those by private entities advocating good corporate governance practices.

Nomination and Election of Directors

- ix. Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications under the Corporation Code, the Securities Regulation Code, this Manual and pertinent rules and regulations, as well as those qualifications and disqualifications set by the Board;
- x. Re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance;

Compensation and Remuneration

- xi. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel to ensure that the compensation levels are consistent with the Corporation's culture, strategy and control environment;
- xii. Determine the amount of remuneration for the Corporation's directors and officers, which shall be in a sufficient level to attract and retain personnel who are needed to run the Corporation successfully;
- xiii. Insure that all incoming officers and directors disclose fully their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their intended duties and responsibilities, under the penalty of perjury;
- xiv. Disallow any director to decide his or her own remuneration;
- xv. Provide Management with a clear, concise and understandable disclosure of the compensation of the Corporation's directors and top four (4) management officers for the previous fiscal year and the current year, which shall be incorporated in the Corporation's annual reports, information and proxy statements;

- xvi. Review the existing Human Resources Development or Personnel Handbook or its equivalent, 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. In the absence of such Personnel Handbook or its equivalent, the Committee, in coordination with the Human Resources Department, shall develop such a handbook which shall cover the same parameters of governance stated above; and
- xvii. Perform such additional duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board from time to time.

V. Outside Advisors

The Committee shall have the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX “D”
RELATED PARTY TRANSACTIONS COMMITTEE CHARTER

The Related Party Transactions Committee (the ‘Committee’) shall assess material agreements with related parties to ensure that the related party transactions are conducted at market rates and on an arm’s length basis.

For purposes of this Charter, a “related party,” in relation to the Corporation, shall refer to any person that has control or joint control over the Corporation, any person that has significant influence over the Corporation, any person that is controlled by or under common control with the Corporation, the Directors and Executive Officers or members of Management of the Corporation, and any immediate family member of a Director, or Executive Officer, or Management of the Corporation.

I. Purposes

The Committee shall be tasked to provide guidance on what constitute related party transactions, and to review and endorse all related party transactions prior to approval by the Board of Directors, and execution by Management. It is also tasked to formulate, revise, and approve policies on related party transactions and conduct any investigation required to fulfill its responsibilities on related party transactions.

II. Membership

The Committee shall be composed of at least three (3) Non-Executive Directors, majority of whom, including the Chairman, shall be Independent Directors as determined by the Board of Directors pursuant to the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange’s (“PSE”) definition of independence. The Chairman and members of the Committee shall be appointed annually by the Board of Directors. Vacancies shall be filled by approval of the Board of Directors, and any member of the Committee may be removed by the Board. The Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

III. Meetings

1. The Committee shall meet in accordance with the annual meeting schedule or at the call of its Chairman or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business.
2. Procedures fixed by the Committee shall be subject to any applicable provision of the Corporation's By-Laws. Written minutes of each meeting shall be duly filed in the Corporation records, and reports of meetings of the Committee shall be made to the Board of Directors at its next regularly scheduled meeting following the Committee meeting and shall be accompanied by any recommendations to the Board of Directors approved by the Committee.

IV. Key Responsibilities

The Committee shall have the following duties and responsibilities:

- i. Recommend to the Board for adoption a group-wide policy and system governing Related Party Transactions (RPTs), which policy shall include the definition of related parties,

coverage of the RPT policy, guidelines in evaluating and approving RPTs, management of potential conflicts of interest, adoption of materiality thresholds, whistle-blowing mechanism and restitution of losses and other remedies for abusive RPTs, and which policy will require RPTs shall be ratified by the Board, and annually by the Stockholders.

- ii. Assist the Board of Directors in assessing material agreements of any kind with a related party in determining whether to approve, ratify, disapprove or reject an RPT;
- iii. Review the adequacy of Management's monitoring and reporting systems on RPTs.
- iv. Assess the extent of the related party's interest in the transaction based on the terms of the transaction-, the purpose and timing of the transaction, whether the Corporation is a party to the transaction and if not the nature of the Corporation's participation in the transaction, the description of the asset including date acquired and costs basis, if the transaction involves the sale of an asset, information concerning potential counterparties in the transactions, the approximated value of the transaction and the approximated value of the related party's interest in the transaction, description of any provisions or limitations imposed as a result of entering into the proposed transactions, whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and the purpose of the transaction and potential benefits to the Corporation.
- v. Require adequate and accurate information from Management.
- vi. Perform such additional duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board of Directors from time to time.

V. Outside Advisors

The Committee shall have the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities