

JOLLIBEE FOODS CORPORATION

MANUAL ON CORPORATE GOVERNANCE (2023 EDITION)

This Manual on Corporate Governance supersedes prior editions of the Manual on Corporate Governance of Jollibee Foods Corporation..

The Board of Directors, Management and employees of Jollibee Foods Corporation hereby commit themselves to the principles and best practices contained in this Manual on Corporate Governance, and acknowledge that the same shall guide the attainment of the Company's values, mission and vision.

ARTICLE 1. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors, officers, employees and stockholders of the Company believe that corporate governance is a necessary component of sound strategic business management and will therefore undertake every effort necessary to create awareness of and implement good corporate governance within the organization.

ARTICLE 2. DEFINITION OF TERMS

The following terms, when used in the Manual, shall have the meanings ascribed below:

“**Articles of Incorporation**” shall mean the Articles of Incorporation of the Company and any and all amendments thereto.

“**Board of Directors**” or the “**Board**” shall mean the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.

“**BSP**” shall mean the Bangko Sentral ng Pilipinas.

“**By-Laws**” shall mean the By-Laws of the Company and any and all amendments thereto.

“**Commission**” or the “**SEC**” shall mean the Securities and Exchange Commission.

“**Company**” or “**JFC**” shall mean Jollibee Foods Corporation.

“**Conflicted Nominee**” shall mean a person nominated for election to the Board of Directors who is engaged in any business which competes with, or is antagonistic to the business of, the Company, or a nominee of such person.

“**Corporate Governance**” shall mean the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders. Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with stockholder value – to the benefit of all stakeholders and society. Its purpose is to maximize the organization's long-term success, creating sustainable value for its stockholders, stakeholders and the nation.

“**Enterprise Risk Management**” shall mean a process, effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

“**Exchange**” shall mean an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities, specifically, the Philippine Stock Exchange.

“**Executive Director**” shall mean a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.

“**Independent Director**” shall mean 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.

“**Internal Audit**” shall mean an independent and objective assurance activity designed to add value to and improve the Company’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.

“**Internal Audit Department**” shall mean a department or unit of the Company and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the Company’s operations.

“**Internal Auditor**” shall mean the highest position in the Company responsible for internal audit activities.

“**Internal Control**” shall mean a process designed and effected by the Board of Directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization’s policies and procedures.

“**Internal Control System**” shall mean the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Company is exposed.

“**Management**” shall mean a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Company.

“**Manual**” shall mean the new Manual on Corporate Governance of the Company, as may be amended from time to time.

“**Non-Audit Work**” shall mean the other services offered by an external auditor to the Company that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor.

“**Non-Executive Director**” shall mean a director who has no executive responsibility and does not perform any work related to the operations of the Company.

“**Related Party**” shall cover the Company’s subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Company exerts direct or indirect control over or that exerts direct or indirect control over the Company; the Company’s directors; officers; stockholders and related interests (DOSRI), and their close family members, as well as

corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Company.

“**Related Party Transactions**” shall mean a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

“**Stakeholders**” shall mean any individual, organization or society at large who can either affect and/or be affected by the Company’s strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

ARTICLE 3. 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 or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the Company.
3. The headings used in this Manual are inserted for convenience only and shall not affect the interpretation of the provisions hereof.

ARTICLE 4. BOARD GOVERNANCE

1. Composition of the Board of Directors

The corporate powers of the Company shall be exercised, its business conducted, and its property controlled by a Board consisting of nine (9) directors, who shall be elected by the stockholders of the Company at each annual meeting of the stockholders and shall hold office for one year and until their successors are elected and shall have qualified.

The Company shall comply with the requirement imposed on corporations whose shares are registered under the provisions of the Securities Regulation Code and listed on the Philippine Stock Exchange to cause the election of an Independent Director or Independent Directors as may be required by law.

The Board shall be comprised of directors with a collective working knowledge, experience or expertise that is relevant to the Company’s industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and responds to the needs of the organization based on the evolving business environment and strategic direction.

The Board shall fully disclose all relevant and material information on individual board members and corporate officers in accordance with legal requirements, to evaluate their experience and qualifications, and assess any potential conflicts of interest that may affect their judgment.

2. Qualifications of Directors

- a. The Board shall be composed of directors, with a collective working knowledge, experience or expertise that is relevant to the Company's industry/sector.
- b. The qualifications for nomination and election to the Board of Directors are as follows:
 1. at least one (1) share of the Company registered in his name;
 2. at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
 3. at least twenty-one (21) years old;
 4. proven to possess integrity and probity;
 5. proven to possess business acumen and/or professional skills based on actual and significant business and/or professional experience;
 6. absence of any of the disqualifications provided under applicable laws or the Company's By-Laws.
- c. Board nomination and election shall be in accordance with the Corporation's By-Laws, this Manual, and the Nomination Committee Charter which shall encourage stockholders' participation and shall include the procedure on the acceptance of nominations from minority stockholders. The nomination and election process shall include the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the Company's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members. The Board may, as may be deemed necessary by the Chairman, avail of the services of professional search firms or external sources when searching for candidates to the Board.
- d. The Nomination Committee shall monitor the qualifications of the directors to ensure that throughout their term, they continue to possess all the qualifications, and none of the disqualifications, to be a director
- e. In addition to the grounds for qualification and disqualification for nomination and election to the Board, the Nomination Committee shall consider the following guidelines in the determination of the fitness of any nominee for directorships in the Board:
 1. The nature of the business of the corporations which he is a director;
 2. Physical and mental fitness of the director to meet the demands of the position;
 3. Number of directorships/active memberships and officerships in other corporations or organizations;
 4. Possible conflict of interest; and
 5. Impact on Board experience and diversity.

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number shall be related to the capacity of a director to perform his duties diligently. In any event, directors shall ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company.

The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

3. Disqualifications of Directors

- a. *Conflicted Nominee.* The Nomination Committee shall disqualify from the list of nominees any person who, in its reasonable opinion, it considers to be a Conflicted Nominee.
- b. *Grounds for Permanent Disqualification.* The following shall be considered as grounds for the permanent disqualification of a director:

1. Under the Company's By-Laws, no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Company, or a nominee of such person. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- (i) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least thirty percent (30%) of the capital) engaged in a business which the Board, by a majority vote, determines to be competitive, antagonistic, and/or in clear conflict of interest to that of the Company; or

- (ii) If he is an officer, manager or controlling person of or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Company when in the judgment of the Board, by a majority vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

- (iii) If the Board, in the exercise of its judgment in good faith, determines, by a majority vote, that he is the nominee or agent of, or otherwise represents, any person set forth in (i) or (ii) above.

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

2. 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;
3. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, BSP 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 should also apply if (a) such person is the subject of an order of the SEC, BSP 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 SEC or BSP, or under any rule or regulation issued by the Commission or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

4. 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;
 5. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
 6. Any person judicially declared as insolvent;
 7. 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 previously;
 8. 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;
 9. Any person earlier elected as independent director who becomes an officer, employee or consultant of the Company shall be automatically disqualified from being an independent director; and
 10. Other grounds as the SEC may provide.
- c. *Grounds for Temporary Disqualification.* The following are grounds to place an incumbent director under temporary disqualification:
1. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification should apply for purposes of the succeeding election;

2. Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
3. If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with;
4. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final;
5. Refusal to fully comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; and
6. Being under preventive suspension by the Company with respect to Executive Directors.

4. Independent Directors

- a. *Number of Independent Directors.* The Company shall have such number of independent directors as may be required by law. Independent Directors shall possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.
- b. *Qualifications of Independent Directors.* An Independent Director refers to a person who holds no such interests or relationships with the Company that may hinder his independence from the Company or Management or that may interfere with the exercise of independent judgment in carrying out the responsibilities of a director. An Independent Director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Company, management or controlling stockholder at the time of his election or appointment and/or re-election as director. An Independent Director refers to a person who, ideally:
 1. Is not, or has not been a corporate officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
 2. Is not, and has not been in the three (3) years immediately preceding the election, a director of the Company; a director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial stockholders and its related companies;
 3. Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties

and responsibilities within three (3) years immediately preceding his election;

4. Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;
5. Is not a relative of a director, officer, or substantial stockholder of the Company or any of its related companies or of any of its substantial stockholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
6. Is not acting as a nominee or representative of any director of the Company or any of its related companies;
7. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial stockholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election;
9. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial stockholder, in any transaction with the Company or any of its related companies or substantial stockholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
10. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial stockholders; and
11. Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

Related companies, as used in this section, refer to (a) the Company's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

- c. *Term of Independent Director.* The term of any Independent Director of the Company shall be for such period as may be required by law.
- d. *Designation of lead Independent Director.* The Company shall designate a lead director among the independent directors as may be required by law. The functions of a lead director include, among others, the following:

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

5. Responsibilities, Duties and Functions of the Board

a. General Responsibility

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

It shall be the Board's responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with the Company's corporate objectives and the best interests of its stockholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. Corollary to setting the policies for accomplishment of the corporate objectives, the Board shall provide an independent check on Management, including the Company's officers. The Board shall ensure that it gets the benefit of independent views and perspectives.

b. Duties and Functions

To ensure a high standard of best practice for the Company, its stockholders and other stakeholders, the Board, whether acting as a body or through its designated or authorized working committee or department, shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

Board membership selection, charter and committees

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;
2. Adopt, as it hereby adopts, this Manual as its Board Charter for purposes of formally and clearly stating its roles, responsibilities and accountabilities in carrying out its fiduciary duties;
3. Establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities;
4. Conduct an annual self-assessment of its performance, including the performance of the Chairman of the Board, individual members and committees. The assessment may be supported by an external facilitator following such schedule as the Board may deem necessary;
5. Adopt and implement a performance evaluation system which shall include a feedback mechanism from the stockholders;

Management team and performance assessment

6. Appoint competent, professional, honest and highly-motivated corporate officers and Management, and adopt an effective succession planning program for directors and corporate officers and Management to ensure

growth and a continued increase in the stockholders' value. This may include adopting a policy on retirement age for directors, corporate officers and Management as part of succession and to promote dynamism in the Company;

7. Approve the selection and performance assessment of the Management (at such levels as the Board may deem appropriate);
8. Establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and senior management;
9. Formulate and adopt a policy specifying the relationship between remuneration and performance, which includes specific financial and non-financial metrics to measure performance and set specific provisions for employees with significant influence on the overall risk profile of the Company;

Policies, procedures and programs

10. Implement the board nomination and election process provided in the Company's By-Laws, and as may be needed, formulate formal and transparent policies to supplement the same;
11. Adopt, as it hereby adopts, a policy on board diversity which shall include diversity in gender, age, ethnicity, culture, skills, competence and knowledge to ensure optimal decision-making is achieved;
12. Adopt, as it hereby adopts, and implement a policy on the training of directors, including an orientation program for first-time directors and relevant continuing training for all directors in compliance with the requirements of the Commission;
13. Oversee the development of and approve the Company's business objectives, policies and strategies and periodically evaluate and monitor the implementation of such objectives, policies and strategies, including the business plans, operating budgets and Management's overall performance in order to sustain the Company's long-term viability and strength;
14. Provide sound strategic policies and guidelines to the Company on major capital expenditures;
15. Establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance;
16. Develop and adopt a policy on non-audit services which shall include disclosure in the Company's Annual Report of the nature of non-audit services performed by the its external auditor;
17. Implement and monitor compliance with its Code of Business Ethics and related policies which shall provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and

practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the company website;

18. Adopt an anti-corruption policy and program which shall endeavor to mitigate corrupt practices, such as, but not limited to, bribery, fraud, extortion, collusion, conflict of interest and money laundering, and cause the same to be disseminated to employees across the organization through trainings to embed them in the company's culture;
19. Ensure the proper and efficient monitoring of compliance with the Code of Business Ethics and internal policies, as well as the Company's faithful compliance with all applicable laws, regulations and best business practices;
20. Establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report by the Company to the public, its stockholders and other stakeholders that gives a fair and complete picture of the Company's financial condition, results and business operations. The disclosure policies and procedures shall comply with the disclosure requirement as provided in Rule 68 of the Securities Regulation Code, Philippine Stock Exchange Listing and Disclosure Rules, and other regulations, and be disclosed in accordance with legal requirements. Policies shall include, among others, policies governing related party transactions, reporting to the Company of dealings in Company shares and policy for setting Board and executive remuneration;
21. Adopt, as it hereby adopts, a 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. Recognizing the importance of the interdependence between business and society, the Board shall promote a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of society where it operates. The Company shall adopt a globally recognized standard/framework as prescribed by applicable regulators, in reporting sustainability and non-financial issues;
22. Formulate and implement policies and procedures that shall govern related party transactions and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. These policies and procedures shall ensure the integrity and transparency of related-party transactions between and among the Company, its subsidiaries and affiliates, stockholders, officers and directors, including their spouses, children and parents, and of interlocking director relationships by members of the Board;
23. Establish, supervise and ensure enforcement of a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement;

24. Establish and maintain comprehensive and cost-efficient communication channels to ensure the timely and accurate dissemination of public, material and relevant information to the Company's stockholders and other stakeholders;
25. Identify the stakeholders in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them to promote cooperation between them and the Company in creating wealth, growth and sustainability;
26. Establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders;
27. Adopt a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights;

Internal control and risk management

28. Adopt a system of check and balance within the Board through a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times;
29. Adopt a continuing review of the Company's internal control system to maintain its adequacy and effectiveness and set up a mechanism for monitoring and managing potential conflicts of interest of Management, board members and stockholders;
30. Oversee that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies to anticipate and prepare for possible threats to its operational and financial viability;
31. Establish an alternative dispute resolution system in the Company that can amicably settle intra-corporate conflicts or differences between the Company and its stockholders, and the Company and third parties, including regulatory authorities;
32. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly recorded; and
33. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.

6. Responsibilities, Duties and Functions of a Director

a. General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the Company towards sustained progress.

b. Duties and Functions

The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all stockholders and stakeholders.

In addition to the duties and responsibilities of a Director as provided in the Company's By-Laws and required under relevant laws and regulations, a director shall observe the following norms of conduct:

1. Conduct fair business transactions with the Company and ensure that personal interest does not conflict with the interests of the Company;
2. Abstain from taking part in the deliberations of transactions affecting the Company with which he has material interest;
3. Abstain from participating in discussions or deliberations involving his own remuneration;
4. Devote time and attention necessary to properly discharge his duties and responsibilities;
5. Attend and actively participate in all meetings of the Board, Committees and stockholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him 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.
6. Observe the limitation on number of directorships in other publicly listed corporations as may be provided under relevant rules and regulations of the Commission;
7. Notify the Board before accepting a directorship in another company;
8. Act judiciously;
9. Exercise objective and independent judgment on all corporate affairs;
10. Have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the rules and regulations of the Commission, and where applicable, the requirements of relevant regulatory agencies;
11. Attend and actively participate in orientation programs (for first time directors) and relevant continuing training programs in compliance with the requirements of the Commission;
12. Observe confidentiality of non-public information acquired by reason of his position as a director;

13. Comply with disclosure and reportorial requirements pertaining to dealings in the Company's shares as may be provided by the Company's internal policies and guidelines and relevant laws and regulations; and
14. Non-executive directors shall, as such times as they may deem appropriate, have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Company.

7. Board Meetings and Quorum Requirement

- a. The conduct of Board meetings and quorum requirement shall follow the Company's By-Laws, provided that the Board may conduct regular or special meetings through tele-/videoconferencing following the rules and regulations of the Commission.
- b. The members of the Board shall attend regular and special meetings in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.
- c. Independent Directors shall endeavor to always attend Board meetings, provided, however, that their absence shall not affect the quorum requirement. The Board may, to promote transparency, require the presence of at least one (1) Independent Director.

8. Board Committees

- a. To aid in complying with the principles of good corporate governance, the Board shall constitute committees consistent with the provisions under the Company's By-Laws.
- b. All established committees shall have their respective charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information.
- c. *Executive Committee*

An Executive Committee shall be constituted and shall be composed of not less than three (3) members of the Board, to be appointed by the Board. Such committee may act, by a majority vote of all its members, on such specific matters within the competence of the Board as may be delegated to it by the Board from time to time, subject to the limitations under applicable laws. The Board may designate the Executive Committee by such other name as it may deem suitable.

The Executive Committee shall report directly to the Board.

d. Nomination Committee

A Nomination Committee shall be constituted and shall be composed of at least three (3) members of the Board of Directors, one (1) of whom shall be an Independent Director. The Board may appoint other additional members to the Nomination Committee who may or may not be members of the Board of Directors.

The functions of the Nomination Committee shall include the following:

1. Determine the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the Company may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
2. Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and/or disqualifications as described in this Manual, the Company's By-Laws, and applicable laws;
3. Review, evaluate and monitor the qualifications of all persons nominated to the Board and other appointments that require the Board's approval;
4. Assist the Board in developing and adopting a formal and transparent board nomination and election policy. The policy shall include a process for assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director ;
5. Recommend to the Board any changes or addition to 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 at all times; and
6. Assist the Board in developing a succession plan for the Board and corporate officers;
7. Provide assessment on the Board's effectiveness in directing the process of renewing and replacing Board members;
8. Monitor the qualifications of the directors to ensure that throughout their term, they continue to possess all the qualifications, and none of the disqualifications, to be a director;
9. Carry out such other duties as may be required by law and/or delegated to it by the Board of Directors from time to time.

e. Compensation Committee

A Compensation Committee shall be constituted, and shall be composed of at least three (3) members of the Board of Directors, one (1) of whom shall be an independent director. The Board may appoint other additional members to the Compensation Committee who may or may not be members of the Board of Directors.

The functions of the Compensation Committee shall include the following:

1. Establish a formal and transparent procedure and policy on executive remuneration which shall specify the relationship between remuneration and performance and for fixing the remuneration packages of corporate officers and directors;
2. Provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment;

3. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors, corporate officers and Management who are needed to run the Company successfully; and
4. Carry out such other duties as may be required by law and/or delegated to it by the Board of Directors from time to time.

f. Audit Committee

An Audit Committee shall be constituted, the duties and responsibilities of which shall be consistent with the requirements under applicable laws and regulations on corporate governance. The Audit Committee shall consist of at least four (4) board members, two (2) of whom shall be independent directors. The chairman of the Audit Committee shall be an Independent Director and shall not be the chairman of the Board or of any other committees.

All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

The functions of the Audit Committee shall include the following:

1. Recommend the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
2. Through the Internal Audit (IA) Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting and information technology security, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the Company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Company's financial data, and (d) ensure compliance with applicable laws and regulations;
3. Oversee the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head. The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;
4. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit 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;
5. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
6. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper

coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

7. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report;
8. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - (i) Any change/s in accounting policies and practices;
 - (ii) Areas where a significant amount of judgment has been exercised;
 - (iii) Significant adjustments resulting from the audit;
 - (iv) Going concern assumptions;
 - (v) Compliance with accounting standards; and
 - (vi) Compliance with tax, legal and regulatory requirements
9. Review the disposition of the recommendations in the External Auditor's management letter;
10. Perform oversight functions over the Company's Internal and External Auditors. The Audit Committee shall ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
11. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
12. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;
13. Assess the integrity and independence of external auditors and exercise effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine profession and regulatory requirements;
14. Review and monitor, on an annual basis, the external auditor's suitability and effectiveness; and
15. Assist the Board in ensuring that there is an effective and integrated risk management process in place. Among the duties and responsibilities to

ensure the functionality and effectiveness of the Company's enterprise risk management system are the following:

- (i) Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- (ii) Oversee the implementation of the enterprise risk management plan and conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assess how the concerned units or offices are addressing and managing these risks;
- (iii) Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
- (iv) Advise the Board on its risk appetite levels and risk tolerance limits;
- (v) Review at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company;
- (vi) Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
- (vii) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- (viii) Report to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit.

g. Corporate Governance Committee

A Corporate Governance Committee shall be constituted and shall be composed of at least three (3) board members. The chairman of the Corporate Governance Committee shall be an Independent Director.

The Corporate Governance Committee (CG Committee) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

1. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;
2. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conduct an annual self-evaluation of its performance;
3. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
4. Recommend continuing education/training programs for directors, and assignment of tasks/projects to board committees;
5. Adopt corporate governance policies for the approval of the Board, and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
6. Propose and plan relevant trainings for the members of the Board;
7. Assist the Board in reviewing all material related party transactions (RPT) of the Company which include the following:
 - (i) Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
 - (ii) Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:

- a. The related party's relationship to the Company and interest in the transaction;
 - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c. The benefits to the Company of the proposed RPT;
 - d. The availability of other sources of comparable products or services; and
 - e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- (iii) Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- (iv) Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- (v) Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.
8. Carry out such other duties as may be required by law and/or delegated to it by the Board of Directors from time to time.

ARTICLE 5. MANAGEMENT

1. General Responsibility

The Board shall ensure that the Company is effectively managed and supervised. Among the general responsibilities of Management include the following:

- a. Management shall actively manage and operate the Company in a sound and prudent manner;
- b. The Board and Management shall ensure that organizational and procedural controls are supported by effective management information and risk management reporting systems;
- c. To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide the members of the Board with complete, adequate and timely

information about the matters to be taken in the meetings. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents;

- d. Under the supervision of the Audit Committee, Management shall formulate the rules and procedures on financial reporting and internal control pursuant to the following guidelines:
 1. The extent of Management's responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, shall be clearly explained;
 2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company shall be maintained for the benefit of all stockholders and other stakeholders;
 3. 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 Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
 4. The Company shall consistently comply with the financial reporting requirements of the Commission; and
 5. The External Auditor shall be rotated every seven (7) years or in accordance with relevant regulations, whichever is earlier, or the signing partner of the external auditing firm assigned to the Company shall be changed with the same frequency. The Internal Auditor shall submit to the Audit Committee and Management an annual report on the Internal Audit's activities, responsibilities and performance relative to the audit plans and strategies, as approved by the Audit Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor shall certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing and other relevant standards and requirements. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

2. Officers of the Company

The corporate officers of the Company officers occupying by-laws and/or statutory positions (the Chairman of the Board, President, Corporate Secretary, Treasurer, and Compliance Officer) and the Chief Financial Officer. The Board of Directors shall, from time to time, prescribe the duties of the corporate officers and Management, and, subject to applicable laws, all corporate officers and employees of the Company shall be subject to immediate removal by the Board of Directors with or without cause.

a. Chairman of the Board

The Board shall be headed by a competent and qualified Chairperson.

The Chairman of the Board, who shall be a director, shall preside at all meetings of the stockholders and the Board of Directors at which he may be present. He shall perform such other functions as may from time to time be delegated to him by the Board of Directors. The roles and responsibilities of the Chairman, include, among others, the following:

1. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
2. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
3. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
4. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
5. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
6. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

b. *President*

The President, who shall be a director, shall have general charge, supervision, and control of the business and affairs of the Company, subject, however, to the control of the Board of Directors. Except as otherwise reserved to the Board, the President may appoint and discharge all agents and employees of the Company.

The President has the following roles and responsibilities, among others:

1. Perform the duties as provided under the Company's By-Laws as follows:
 - (i) See to it that all resolutions of the Board of Directors are duly carried out;
 - (ii) Vote and represent the shares of stock owned or held by the Company in another company, firm or entity;
 - (iii) Execute on behalf of the Company all contracts, agreements and other instruments affecting the interests of the Company, except as otherwise directed by the Board of Directors;
 - (iv) Preside in all meetings of the stockholders and Board of Directors if the Chairman of the Board is absent and upon the designation of the Chairman of the Board;
 - (v) Perform such other functions as may be incidental to his office; and
 - (vi) Assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s), subject always to his supervision and control.

2. Determine the Company's strategic direction and formulate and implement its strategic plan on the direction of the business;
3. Communicate and implement the Company's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
4. Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan;
5. Has a good working knowledge of the Company's industry and market and keep up-to-date with its core business purpose;
6. Direct, evaluate and guide the work of the key officers of the Company;
7. Manage the Company's resources prudently and ensure a proper balance of the same;
8. Provide the Board with timely information and interface between the Board and the employees;
9. Build the Company culture and motivate the employees of the Company; and
10. Serve as the link between internal operations and external stakeholders.

c. Corporate Secretary

The Corporate Secretary must be a Filipino citizen and resident of the Philippines. He shall record all the votes and proceedings of the stockholders and of the directors in a book kept for that purpose, and shall have custody thereof. He shall have charge of the corporate seal of the Company. He shall keep at the principal office of the Company the stock and transfer book and therein keep a record of all the stock, the names of stockholders alphabetically arranged with the addresses to which notices may be sent, the installments paid and unpaid on all stock for which subscription has been made and the date of payment of any installment; a statement of every alienation, sale or transfer of stock made, the date thereof and by and to whom made. He shall perform such other duties as may be properly delegated to him.

The Corporate Secretary shall have the qualifications required by law and regulations, and shall attend training on corporate governance in compliance with the requirements of the Commission.

The Corporate Secretary has the following roles and responsibilities, among others:

1. Assist 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;

2. Safekeep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Company;
3. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advise the Board and the Chairman on all relevant issues as they arise;
4. Work fairly and objectively with the Board, Management and stockholders and contribute to the flow of information between the Board and Management, the Board and its committees, and the Board and its stakeholders, including stockholders;
5. Advise on the establishment of board committees and their terms of reference;
6. Inform members of the Board, in accordance with the By-Laws, of the agenda of their meetings at least five (5) working days in advance, 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;
7. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
8. Perform required administrative functions;
9. Oversee the drafting of the By-Laws and ensure that they conform with regulatory requirements; and
10. Perform such other duties and responsibilities as may be provided by the Commission.

ARTICLE 6. AUDIT AND COMPLIANCE

The Board is primarily accountable to the stockholders. Thus, the Board and the Company shall provide the stockholders with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect the Company's business, as well as reports to regulators that are required by law. It is also essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders and other stakeholders.

1. Internal Audit

- a. The Company shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Company's operations.
- b. The internal audit function shall be performed by an Internal Auditor or a group of internal auditors, through which the Company's Board, senior management and stockholders shall be provided with reasonable assurance that its key

organizational and procedural controls are effective, appropriate and complied with.

- c. The functions of internal audit include the following:
1. Provide 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 Company, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
 2. Perform regular and special audit as contained in the annual audit plan and/or based on the Company's risk assessment;
 3. Perform consulting and advisory services related to governance and control as appropriate for the organization;
 4. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the Company;
 5. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Company;
 6. Evaluate 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;
 7. Evaluate specific operations at the request of the Board or Management, as appropriate; and
 8. Monitor and evaluate governance processes.
- d. The responsibilities of the Internal Auditor include the following:
1. Periodically review the internal audit charter and present it to senior management and the Board Audit Committee for approval;
 2. Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the Company's goals;
 3. Communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
 4. Spearhead the performance of the internal audit activity to ensure it adds value to the Company;
 5. Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and

6. Present findings and recommendations to the Audit Committee and give advice to Management and the Board on how to improve internal processes.

2. External Audit

- a. The Company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.
- b. The Company shall ensure that other non-audit work shall not be in conflict with the functions of the External Auditor, or pose a threat to his independence.
- c. The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the stockholders.
- d. The Company's External Auditor shall be rotated or the handling partner shall be changed every seven (7) years, or in accordance with relevant regulations, whichever is earlier.
- e. The responsibilities of the External Auditor include the following:
 1. Enable an environment of good corporate governance as reflected in the financial records and reports of the Company;
 2. Undertake an independent audit of the Company and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders;
 3. Shall not, at the same time, provide the services of an internal auditor to the Company; and
 4. If an External Auditor believes that the statements made in the Company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

3. Risk Management

- a. The Company shall have a risk management function to identify, assess and monitor key risk exposures.
- b. The risk management function involves the following activities, among others:
 1. Defining a risk management strategy;
 2. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the Company's strategic objectives;
 3. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;

4. Establishing a risk register with clearly defined, prioritized and residual risks;
 5. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;
 6. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Audit Committee; and
 7. Monitoring and evaluating the effectiveness of the Company's risk management processes.
- c. In managing the Company's risk management system, the Company shall designate an officer who shall be the ultimate champion of enterprise risk management (ERM), shall have adequate authority, stature, resources and support to fulfill his responsibilities and shall have clear communication with the Audit Committee. He shall have the following functions, among others:
1. Supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
 2. Communicate the top risks and the status of implementation of risk management strategies and action plans to the Audit Committee;
 3. Collaborate with the CEO in updating and making recommendations to the Audit Committee;
 4. Suggest ERM policies and related guidance, as may be needed; and
 5. Provide insights on the following:
 - (i) Risk management processes are performing as intended;
 - (ii) Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - (iii) Established risk policies and procedures are being complied with.

4. Compliance Officer

- a. To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the rank of Vice President or an equivalent position with adequate stature and authority in the Company. He shall have direct reporting responsibilities to the Chairman of the Board.
- b. The responsibilities of the Compliance Officer include the following:
 1. Ensure proper onboarding of new directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others);

2. Monitor, review, evaluate and ensure the compliance by the Company, 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;
3. Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
4. Ensure the integrity and accuracy of all documentary submissions to regulators;
5. Appear before the Commission when summoned in relation to compliance with the Code of Corporate Governance for Publicly-Listed Companies;
6. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
7. Identify possible areas of compliance issues and work towards the resolution of the same;
8. Ensure the attendance of board members and key officers to relevant trainings; and
9. Perform such other duties and responsibilities as may be provided by the Commission.

ARTICLE 7. DISCLOSURE AND TRANSPARENCY

The Company shall make a full, fair, accurate and timely disclosure to the public of all material information about the Company that could adversely affect its viability or the interest of its stockholders and other stakeholders. Such information shall include, among others, earning results, acquisition or disposition of assets, balance sheet transactions, material related party transactions, and direct and indirect remuneration of members of the Board and Management, as required by law, rules and regulations. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the Commission. The Board shall commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

This Manual and the company's corporate governance policies, programs and procedures shall be submitted to regulators and posted in the company's website in compliance with applicable regulations.

ARTICLE 8: STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

1. The Company shall treat all stockholders fairly and equitably and shall also recognize, protect and facilitate the exercise of stockholders' rights.
2. The Board shall respect the rights of the stockholders, namely:
 - a. *Right to vote on all matters that require their consent or approval*

Stockholders shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Company's By-Laws.

Cumulative voting shall be used in the election of directors. At each election for directors, every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes as the same principle among any number of directors.

A director shall not be removed without cause if it will deny minority stockholders representation in the Board of Directors.

b. Right to Inspect

A stockholder may inspect corporate books and records in accordance with the Corporation Code and only for a legitimate purpose and during reasonable office hours and at no cost to the Company. The annual reports, including financial statements, to be provided by the Company to its stockholders shall, however, be for the account of the Company.

c. Right to Information

Upon request, stockholders shall be provided with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

The Company shall maintain a comprehensive and cost-efficient communication channel to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

d. Right to Dividends

Stockholders shall have the right to receive dividends subject to the discretion of the Board.

The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid in capital stock, except: (a) when justified by definite corporate expansion projects or programs approved by the Board; or (b) when the Company 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 c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

e. Appraisal Right

The stockholders shall have the 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 and consolidation.
3. The Board shall encourage active stockholder participation in annual stockholders' meeting and any special meeting that may be called by promptly sending the notice to the annual and special stockholders' meeting with sufficient and relevant information in compliance with the requirements of the Commission and relevant laws and regulations. Stockholders shall be encouraged to personally attend the meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy, subject to the requirements of the Company's By-Laws.
 4. The Board shall encourage active stockholder participation by making the result of the votes taken during the most recent annual or special stockholders' meeting and the minutes of the meeting publicly available within the period required by the Commission and relevant laws and regulations.
 5. It shall be duty of the directors to promote stockholders' rights, remove impediments to the exercise of stockholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of stockholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person or by proxy. Accurate and timely information shall be made available to stockholders to enable them to make a sound judgment on all matters brought to their consideration or approval.
 6. The Board shall establish an Investor Relations Office to ensure constant engagement with its stockholders. The IRO shall be present at every stockholders' meeting and shall have a designated investor relations officer and contact details.

ARTICLE 9: DUTIES TO STAKEHOLDERS

1. The Board shall identify the Company's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability.
2. The Company shall conduct its corporate social responsibility efforts through channels as it sees fit.
3. The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.
4. The Board shall adopt a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights through alternative dispute resolution mechanisms as may be embodied in the Company's policies.

ARTICLE 10: GOVERNANCE SELF-RATING SYSTEM

The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual.

The establishment of such evaluation system, including the features thereof, may be disclosed in the Company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Company.

ARTICLE 11. COMMUNICATION PROCESS

This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days and shall be made available in the Company website.

All directors, corporate officers and Management are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance with the provisions herein.

ARTICLE 12: PENALTIES FOR NON-COMPLIANCE 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 Company's directors, corporate officers, Management and staff in case of violation of any of the provisions of this Manual:

In case of first violation, the subject person shall be reprimanded.

Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.

For the 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 Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

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

APPROVAL

The foregoing Manual on Corporate Governance is hereby approved for implementation by the Board of Directors of the Company as attested and confirmed by the Chairman of the Board and the Compliance Officer on _____ in Pasig City.

TONY TAN CAKTIONG
Chairman of the Board

VALERIE F. AMANTE
Compliance Officer