

COVER SHEET

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S.E.C Registration Number

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(Company's Full Name)

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

Stefan Tong Wai Mun/
Felicidad V. Razon

Contact Person

892 1816

Company Telephone Number

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Month

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Day

SEC FORM 17-C
NEW MANUAL ON CORPORATE GOVERNANCE

FORM TYPE

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Annual Meeting

Secondary License Type, if Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

429 as of 31 May 2017

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

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LCU

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Document I.D.

Cashier

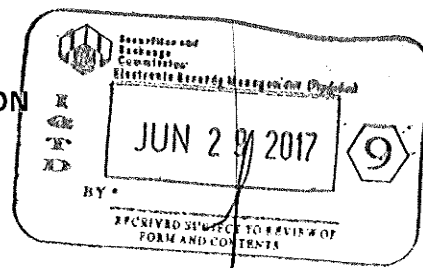
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER



1. 29 June 2017
Date of Report (Date of earliest event reported)
2. SEC Identification Number 62596 3. BIR Tax Identification No. 000-163-715-000
4. KEPPEL PHILIPPINES HOLDINGS, INC.
Exact name of issuer as specified in its charter
5. Makati City, Philippines 6. (SEC Use Only)
Province, country or other jurisdiction of incorporation Industry Classification Code:
7. Unit 3-B, Country Space I Building, 133 Sen. Gil Puyat Avenue, Salcedo Village,
Brgy. Bel-Air, Makati City 1200
Address of principal office Postal Code
8. (02) 8921816
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Class 'A' Common	36,166,970
Class 'B' Common	<u>21,636,449</u>
Total	<u>57,803,419</u> (Net of 15,370,081 Treasury Shares)

11. Indicate the item numbers reported herein: Item no. 9


Please be advised that the Board of Directors of Keppel Philippines Holdings, Inc. ("Corporation"), in its meeting last **16 June 2017**, had approved/considered the following:

Item 9. Other Event

In compliance with the SEC Memorandum Circular No. 19 Series of 2016, otherwise referred to as Code of Corporate Governance for Publicly-Listed Companies, the Corporation hereby submits its New Manual on Corporate Governance which the Board of Directors approved on June 16, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.


FELICIDAD V. RAZON
Corporate Information Officer

29 June 2017

THE NEW MANUAL ON CORPORATE GOVERNANCE¹

KEPPEL PHILIPPINES HOLDINGS, INC.

(Approved on 16 June 2017)

The Board of Directors and Management, i.e. officers and staff, of **KEPPEL PHILIPPINES HOLDINGS, INC. (KPH)** (Company) hereby commit themselves to adhere to the principles and best practices contained in this Manual, acknowledge that the same is necessary in the attainment of its corporate goals and shall strongly observe and promote compliance thereto to ensure that KPH operates with utmost integrity while working to the very highest standards of business conduct.

OBJECTIVE

KPH OBJECTIVE is to protect and enhance the interest of its stakeholders by committing itself to the principles of risk management, fairness, accountability and transparency. Thus, it fully embraces and practices sound corporate governance in order to instill trust and confidence to the organization.

The Board of Directors, Management, employees and shareholders believe that corporate governance is an indispensable component towards achieving long-term success and profitability in the Company. Furthermore, sound strategic business management must be implemented and observed while creating full awareness within the organization.

THIS MANUAL shall institutionalize the principles of good corporate governance in the entire organization. As the Company progresses in the years ahead, this Manual shall be kept under constant review and revision to meet the emerging standards of good corporate governance practices.

Article I. DEFINITION OF TERMS

- A. Corporate Governance - the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.

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 shareholder value – to the benefit of all stakeholders and society.

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

- B. Board of Directors – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business

¹ Based on the Code of Corporate Governance for Publicly-Listed Companies, SEC Memorandum Circular 19 dated November 22, 2016

and controls its properties.

- C. Management – 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 corporation.
- D. Independent Director – a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
- E. Executive Director – a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
- F. Non-executive Director – a director who has no executive responsibility and does not perform any work related to the operations of the corporation.
- G. Internal Control – a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.
- H. Related Party – shall cover the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company.
- I. Related Party Transactions (RPT) – 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.
- J. Stakeholders – any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

Article II. RULES OF INTERPRETATION

- A. All references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.
- B. 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.

Article III. BOARD GOVERNANCE

Compliance with the principles of good corporate governance shall start with the Board of Directors (the "Board"), hence, the Board is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the Company's objectives, it shall provide an independent check on Management.

KPH subscribes to the tenet that the Board serves a crucial role in corporate leadership by serving as the governance icon and soul of the corporation. Thus, Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Company's industry. The Board should always ensure that it has an appropriate mix of competence and expertise that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment.

A. COMPOSITION OF THE BOARD

- 1. The Board shall consist of seven (7) directors who shall be elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. Any vacancy in the Board to be filled up by a majority vote of the entire Board at a meeting specially called for the purpose.
- 2. The Company shall have at least three (3) independent directors.
- 3. The membership of the Board may be a combination of executive and non-executive directors, including the independent directors, in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. The non-executive directors of the Board should concurrently serve as directors to a maximum of five (5) publicly listed companies to 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. However, in the event that they serve more than

five (5) publicly listed companies, the Board shall review this and decide accordingly.

B. MULTIPLE BOARD SEATS

In determining the number of directorships for the Board, the Company's Nominations Committee shall be guided by the following:

1. The nature of the business of the corporations to which he is already serving as a director;
2. Age of the director;
3. Experience and knowledge of the director on the type of business to which the corporation is engaged in;
4. Number of directorships/active memberships and officerships in other corporations or organizations;
5. Possible conflict of interest; and
6. Willingness, availability and capability to serve the Company.

The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The Chief Executive Officer ("CEO") or the President of the Company and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

C. THE CHAIRMAN AND THE PRESIDENT

The roles of the Chairman and President should, as much as practicable, 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 upon their election. If the positions of Chairman and President are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The Chairman

The duties and responsibilities of the Chairman in relation to the Board shall include, among others, the following:

1. Ensures that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;

2. 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;
3. Ensures that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
4. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
5. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
6. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors.
7. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

The President

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

1. Determines the Company's strategic direction and formulates and implements its strategic plan on the direction of the business;
2. Communicates and implements the Company's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
3. Oversees the operations of the Company and management human and financial resources in accordance with the strategic plan;
4. Has a good working knowledge of the Company's industry and market and keeps up-to-date with its core business purpose;
5. Directs, evaluates and guides the work of the key officers of the Company;
6. Manages the Company's resources prudently and ensure a proper balance of the same;
7. Provides the Board with timely information and interfaces between the Board and the employees;
8. Builds the corporate culture and motivates the employees of the Company; and

9. Serves as the link between internal and external stakeholders.

D. QUALIFICATIONS OF DIRECTORS

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board shall have the following qualifications:

1. Holder of at Least one (1) share of stock of the Company;
2. At least a college graduate or holder of equivalent academic degree;
3. At least twenty-one (21) years old;
4. Membership in good standing in relevant industry, business or professional organizations;
5. Previous business experience;
6. Practical understanding of the business of the Company;
7. Proven to possess integrity and probity;
8. Assiduous; and
9. Such other qualifications as the Nominations Committee may reasonably require based on the nature and requirements of the position at stake.

E. DISQUALIFICATION OF DIRECTORS

1. Permanent Disqualification

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

- a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:
 - i. involves the purchase or sale of securities, as defined under the Securities Regulation Code;
 - ii. arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or
 - iii. arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.

- b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities & Exchange Commission (SEC or the "Commission"), Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from:
- i. acting as underwriter, broker, dealer investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
 - ii. acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;
 - iii. engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall 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 currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d) Any person who has been adjudged by final judgment or Order of the SEC, BSP, court, or other 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;
- e) Any person judicially declared as insolvent;
- f) 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;

- g) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and
- h) Such other grounds as the Committee may reasonably provide as a disqualification.

2. Temporary Disqualification

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

- a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- b) Absence in more than fifty (50) percent 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 purposes of the succeeding election;
- c) Dismissal or termination for cause as director of any corporation covered by this Manual. 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;
- d) 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 shall be lifted if the limit is later complied with; and
- e) 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.

F. INDEPENDENT DIRECTOR

An Independent Director refers to a person who, ideally:

1. Is not, or has not been a senior officer or employee of the covered Company unless there has been a change in the controlling ownership of the Company;
2. Is not, and has not been in the two 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 shareholders and its related companies, unless he is an independent director of the 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 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 shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
7. Is not acting as a nominee or representative of any director of the Company or any of its related companies;
8. 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;
9. 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 shareholder, or is otherwise independent of Management and free from any business or other relationship within the two years immediately preceding the date of his election;
10. 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 shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such

transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

11. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and
12. 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 covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

Term Limit of Independent Director

The Board's independent directors should serve for a maximum cumulative term of nine years. The cumulative period shall start from the year 2012 in accordance with Securities and Exchange Commission (SEC) Memorandum Circular No. 9, Series of 2011. After such cumulative period of nine years, the independent director should be perpetually barred from re-election as such as in the same company, but may continue to qualify for nomination and election as a non-independent director. In instance that a company 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 stockholders' meeting.

G. RESPONSIBILITIES, DUTIES AND FUNCTIONS OF THE BOARD

1. General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. It is 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 its corporate objectives, act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the Company and all shareholders and other stakeholders.

The Board should oversee the development of and approve the Company's business objectives and strategy, and monitor its implementation, in order to sustain the Company's long-term viability and strength.

2. Duties and Functions

In discharging its duty to monitor and oversee management action and to ensure a high standard of best practice for the Company, its stockholders and other stakeholders, the Board should conduct itself

with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- a) Implements a process for the selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of the management succession and to promote dynamism in the Company;
- b) Provides sound strategic policies and guidelines to the Company 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;
- c) Ensures the Company's faithful compliance with all applicable laws, regulations and best business practices;
- d) Establishes and maintains an effective investor relations program that will keep the stockholders informed of important developments on the Company. If feasible, the Company's President or Chief Financial Officer (or the Treasurer) shall exercise oversight responsibility over this program;
- e) Identifies the Company's 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;
- f) Adopts a system of check and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders;
- g) The Board through the Audit and Governance Committee should oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk

exposures, as well as the effectiveness of risk management strategies;

- h) Formulates and implements policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, 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. The policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations;
- i) Endeavors to provide appropriate technology and utilize available resources to ensure a competitive position;
- j) Constitutes an audit and governance, nomination, and compensation committees, and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities and which shall aid to the attainment of corporate goals;
- k) Establishes and maintains an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;
- l) Properly discharges Board functions by meeting regularly or frequently as may be needed, and the minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration;
- m) Keeps 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;
- n) Appoints a Compliance Officer;
- o) Defines the duties and responsibilities of the President and select or approve an individual with appropriate ability, integrity and experience to perform the role of the President;
- p) Reviews proposed senior management appointments and ensure the selection, appointment and retention of qualified and competent management;

- q) Establishes an effective performance management framework that will ensure that the Management, including the President, and personnel's performance is at par with the standards set by the Board and Senior Management;
- r) Reviews the Company's personnel and human resource policy and sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers and management succession plans;
- s) Aligns the remuneration of key officers and board members with the long-term interests of the Company. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director should participate in discussions or deliberations involving his own remuneration; and
- t) Designates a lead director among the independent directors since the Chairman of the Board is not an independent director.

H. SPECIFIC DUTIES AND RESPONSIBILITIES OF A DIRECTOR

A director's office is one of trust and confidence. A director should act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Company towards sustained progress. A director should observe the following norms of conduct:

1. Conducts fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.

A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.

2. Devotes the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and

actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

The directors should attend and actively participate in all meetings of the Board, Committees, and Shareholders 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 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.

3. Acts judiciously.

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

4. Exercises independent judgment.

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the Company.

5. Has a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation and By-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A director should also keep abreast with industry developments and business trends in order to promote the Company's competitiveness.

6. Observes confidentiality.

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

7. Ensures the continuing soundness, effectiveness and adequacy of the Company's control environment.

8. Upholds the interest of the Company whenever a conflict of interest arises. Notify the Board where he is incumbent director before accepting a directorship in another company.

9. The Non-Executive Directors (NEDs) shall have a separate meeting with the external auditor and heads of the internal audit, compliance

and risk functions, without the executive directors' present to ensure the proper checks and balances are in place within the Company. The meetings should be chaired by the Audit and Governance Committee Chairman or Lead Independent Director.

10. Abstains from taking part in the deliberation of related party transactions, self-dealings or any transactions affecting the Company if a director has material interest for the same to ensure that he has no influence over the outcome of the deliberations.

I. INTERNAL CONTROL RESPONSIBILITIES OF THE BOARD

The control environment of the Company consists of:

1. the Board which ensures that the Company is properly and effectively managed and supervised;
2. a Management that actively manages and operates the Company in a sound and prudent manner;
3. the organizational and procedural controls supported by effective management information and risk management reporting systems; and
4. an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.
 - a) The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include:
 - i. Definition of the duties and responsibilities of the President who is ultimately accountable for the Company's organizational and operational controls;
 - ii. Selection of the person who possesses the ability, integrity and expertise essential for the position of President;
 - iii. Evaluation of proposed senior management appointments;
 - iv. Selection and appointment of qualified and competent management officers; and
 - v. Review of the Company's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

- b) The scope and particulars of the systems of effective organizational and operational controls may differ among corporations depending on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
- c) The Company 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 minimum internal control mechanisms for management's operational responsibility shall center on the President, being ultimately accountable for the Company'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 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.

J. BOARD MEETINGS AND QUORUM REQUIREMENT

Members of the Board should attend regular and special meetings of the Board in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors should always attend Board meetings. However, the absence of an independent director shall not affect the quorum requirements, unless it is otherwise provided in the By-Laws. The Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

To monitor the directors' compliance with the attendance requirements, the Company shall submit to the Commission, if the same so requires, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings.

K. COMPENSATION OR REMUNERATIONS OF DIRECTORS AND OFFICERS

The levels of remuneration of the Company shall be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors shall be structured or be based on corporate and individual performance.

The Company may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the company. No director shall participate in deciding on his remuneration.

The Company's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top two (2) management officers during the preceding fiscal year.

L. BOARD COMMITTEES

The Board Committees are established to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions and other key corporate governance concerns, such as nomination and compensation or remuneration. The Board Committees shall focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

Board shall constitute the following Committees:

- Executive Committee
- Audit and Governance Committee
- Nomination Committee
- Compensation Committee

1. Executive Committee

The Board shall create an Executive Committee which shall have at least three (3) members, consisting of the President, other officers and/or directors of the Company.

The Committee shall perform tasks delegated to it from time to time by the Board of Directors, subject to applicable laws and except on the following matters:

- a) Approval of any action for which shareholders' approval is also required;
- b) The filling of vacancies in the board;
- c) The amendment or repeal of by-laws or the adoption of new

by-laws;

- d) The amendment or repeal of any resolution of the board which by its express terms are not so amenable or repealable; and
- e) A distribution of cash dividends to the shareholders.

2. Audit and Governance Committee

The Audit and Governance Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. One of the Independent Directors shall be the Chairman of the Committee, and he must always be present in all meetings of this Committee in the same way that he is required to be present in all meetings of the Board. The Chairman of the Committee should not be the Chairman of the Board or of any other committees.

The Audit & Governance Committee shall have the functions of Audit, Corporate Governance, Risk Oversight, and Related Party Transaction.

Audit Functions:

- a) Assists the Board in enhancing its oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations;
- b) Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- c) Even though the Company has no Internal Audit Department, the internal audit functions shall be outsourced. It will monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances 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;
- d) Approves the terms and conditions for outsourcing internal

audit services;

- e) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit and Governance Committee;
- f) Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- g) Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- h) Evaluates and determines the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;
- j) Reviews and approves the Interim and the Annual Financial Statements before their submission to the Board of Directors and/or stockholders for approval, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised.
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements.
- k) Reviews the disposition of the recommendations in the External Auditor's management letter;
- l) Performs oversight functions over the Company's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are

given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

- m) Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- n) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;
- o) Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
 - i. Definitive timetable within which the accounting system of the Company will be 100% International Accounting Standard (IAS) compliant.
 - ii. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- p) Meets with the Board at least every quarter without the presence of the President or other management team members, and periodically meets with the head of the internal audit. May invite the President or other management team if deemed necessary to answer to queries raised by the Committee.

Corporate Governance Functions:

- a) Is task to assist the Board in the performance of its corporate governance responsibilities and ensuring the compliance with and proper observance of corporate governance principles and practices;
- b) Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;
- c) Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

- d) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- e) Proposes and plans relevant trainings for the members of the Board;

Risk Oversight Functions:

The Risk Oversight Committee is generally for conglomerates and companies with a high-risk profile. Since the Company can be considered as a not a high-risk profile, the risk oversight functions shall be overseen by the Audit & Governance Committee to ensure the functionality and effective of enterprise risk management frameworks.

- a) Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register or risk, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risk and developing strategies to manage prioritized risk, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- b) Oversees the implantation of the enterprise risk management plan. The Committee conducts regular discussions on the Company's prioritized and residual exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c) Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- d) Advises the Board on its risk appetite levels and risk tolerance levels;
- e) Reviews 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;
- f) Assesses the probability of each identified risk becoming reality and estimates its possible significant 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;

- g) Provides 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
- h) Reports 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.

Related Party Transactions Functions:

- a) Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continually identified, RPT's 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;
- b) Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interests rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the 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 other the following:
 - i. The related party's relationship to the Company and interest in the transaction;
 - ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - iii. The benefits to the Company of the proposed RPT;
 - iv. The availability of other sources or comparable products or services; and
 - v. 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;

- c) Ensures 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 also 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;
- d) Reports to the Board of Directors on a regular basis, status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- e) Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- f) Oversees the implantation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including periodic review of RPT policies and procedures.

3. Nominations Committee

The Board shall create a Nomination Committee which shall have at least three (3) members, majority must be independent directors. The Chairman of the Committee shall be an independent director.

It shall have the following duties:

- a) Pre-screens and shortlists all candidates to the Board and other appointments that require Board approval, in accordance with the qualifications and disqualifications enumerated provided under this Manual, the Corporation Code, Securities 8 Regulations Code, and other pertinent rules and regulations.
- b) Assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors.
- c) In consultation with the Executive Committee, re-defines the role, duties and responsibilities of the President 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.
- d) Ensures compliance and proper observance by the directors of the corporate governance principles and practices.
- e) Oversees the periodic performance evaluation of the Board

and its Committees as well as executive management and conducts an annual self-evaluation of its performance;

- f) Ensures 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. Compensation Committee

The Compensation shall be composed of at least three (3) members, one of whom shall be an independent director. It shall have the following duties and responsibilities:

- a) Establishes 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, ensuring that compensation is consistent with the Company's culture, strategy and control environment;
- b) Designates amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully;
- c) Develops a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- d) Disallows any director to decide his or her own remuneration;
- e) Provides in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year;
- f) Reviews (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts, and
- g) In the absence of such Personnel Handbook, causes the development of such, covering the same parameters of governance stated above.

M. THE CORPORATE SECRETARY

The Corporate Secretary is an officer of the Company. He should be a Filipino citizen and a resident of the Philippines. He should be a separate individual from the Compliance Officer. The Corporate Secretary should annually attend a training on corporate governance.

Based on SEC Memo Circular 19, Series of 2016, it is recommended that the Corporate Secretary, who is a separate individual from a Compliance Officer, should not be a member of the Board of Directors and should annually attend a training on corporate governance. The Company due to its simple structure and operation, its Corporate Secretary who is not a direct employee of the Company, is a member of the Board of Directors.

The Corporate Secretary is primarily responsible to the Company and its shareholders, and not to the Chairman or President of the Company and has, among others, the following duties and responsibilities:

1. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
2. Gathers and analyzes all documents, records and other information essential to the conduct of his duties and responsibilities to the Company;
3. Safekeeps and preserves the integrity of the minutes of the meetings of the Board and its Committees, as well as the other official records of the Company;
4. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advises the Board and the Chairman on all relevant issues as they arise;
5. 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;
6. Advises on the establishment of board committees and their terms of reference;
7. Assists the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
8. Performs required administrative functions;
9. If he is not at the same time the Company's legal counsel, be aware of the laws, rules and regulations necessary in the performance of

his duties and responsibilities;

10. Has a working knowledge of the operations of the Company;
11. As to agenda, gets a complete schedule thereof at least for the current year and puts the Board on notice before every meeting;
12. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
13. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements;
14. Attends all Board meetings, except when justifiable causes such as illness, death in the immediate family and serious accidents, prevent him from doing so;
15. Records or sees the proper recording of the minutes and transactions of all meetings of the directors and stockholders and maintain minute books of such meetings in the form and manner required by law;
16. Keeps or causes to be kept record books showing the details required by law with respect to the stock certificates of the Company, including ledgers and transfer books showing all shares of the Company subscribed, issued and transferred;
17. Keeps the corporate seal and affixes it on all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;
18. Certifies to such corporate acts, countersigns corporate documents or certificates, and makes reports or statements required of him by Law or by government rules and regulations;
19. Inspects at the election of directors and, as such, determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and receives votes, ballots or consents, hears and determines all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determines the result, and performs such acts as are proper to conduct the election or vote;
20. Submits to the SEC, on or before January 30th of the following year, an annual certification as to the attendance of the directors during Board meetings;
21. Assigns the exercise or performance of any or all of the foregoing

duties, powers and functions to any other person or persons, subject always to his supervision and control;

22. Ensures that all Board procedures, rules and regulations are strictly followed by the members; and
23. Performs such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President or as may be provided by the SEC.

N. THE ASSISTANT CORPORATE SECRETARY

In the absence or disability of the Corporate Secretary, the Assistant Corporate Secretary shall act in his place and perform his duties.

The Corporate Secretary may, subject always to his supervision and control, delegate any or all of his powers, duties and functions to the Assistant Corporate Secretary.

The Assistant Corporate Secretary shall also perform such other duties as may, from time to time, be assigned to him by the Board of Directors or President.

O. THE COMPLIANCE OFFICER

To ensure adherence to corporate principles and best practices, the Board shall appoint a Compliance Officer who shall hold the position of a Vice President or its equivalent. The Compliance Officer should annually attend a training on corporate governance.

Based on SEC Memo Circular 19, Series of 2016, it is recommended that the Compliance Officer is not a member of the Board of Directors and should annually attend a training on corporate governance. The Company due to its simple structure and operation, its Compliance Officer is a member of the Board of Directors and Vice President. Being a member of the Board will not prejudice the compliance function since he will adhere to the rules and regulations of the SEC and other governing bodies.

He shall perform the following duties:

1. Ensures proper onboarding of new directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others);
2. Monitors, review, evaluates, and ensures compliance by the company, its officers and directors with the relevant laws, this Manual, the Code of Corporate Governance, and the rules and regulations and all governance issuances of regulatory agencies;
3. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;

4. Ensures the integrity and accuracy of all documentary submissions to regulators;
5. Appears before the SEC when summoned in relation to compliance with this Manual and with the Code of Corporate Governance;
6. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
7. Identifies possible areas of compliance issues and works towards the resolution of the same;
8. Ensures the attendance of board members and key officers to relevant trainings;
9. Issues a certification every January 30th of the year on the extent of the Company's compliance with this Manual and the Code of Corporate Governance for the completed year and, if there are any deviations, explains the reason for such deviation;
10. Identifies, monitors and controls compliance risks; and
11. Perform such other duties as may be necessary and/or appropriate towards effectively achieving compliance with this Manual and as may be provided by the SEC.

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

Article IV. ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings. 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. Hence, the members should be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents. The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Company's expense.

Article V. ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the stockholders. It should provide them 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 its business, as well as reports to regulators that are required by law.

Thus, it is 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. Management shall formulate, under the supervision of the Audit and Governance Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

1. The extent of its responsibility in the preparation of the financial statements of the Company with the corresponding delineation of the responsibilities that pertain to the external auditor, should 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 should 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 SEC.

A. INTERNAL AUDITOR

The Internal Auditor shall report to the Audit and Governance Committee.

The following are the functions of the Internal Auditor:

- 1) Submits to the Audit and Governance Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Committee. The annual report should include 'significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. 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) Provides an independent risk-based assurance service to the Board, Audit and Governance 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;

- 3) Performs regular and special audit as contained in the annual audit plan and/or based on the Company's risk assessment;
- 4) Performs consulting and advisory services related to governance and control as appropriate for the organization;
- 5) Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- 6) Reviews, audit and assesses the efficiency and effectiveness of the internal control system of all areas of the Company;
- 7) 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;
- 8) Evaluates specific operations at the request of the Board or Management, as appropriate; and
- 9) Monitors and evaluates governance processes.

The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

A Company's internal audit activity may be a fully resourced activity housed within the organization or may be outsourced to qualified independent third-party service providers.

B. EXTERNAL AUDITOR

- 1) Shall enable an environment of good corporate governance as reflected in the financial records and reports of the Company.
- 2) Shall examine, verify, and report on the earnings and expenses of the Company and shall certify the remuneration of the external auditor or auditors as determined by the Board of Directors.
- 3) The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall 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.
- 4) For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through

the Company website and required disclosures.

- 5) Shall not, at the same time, provide internal audit services to the Company. The Company shall ensure that other non-audit work that may be given to the external auditor shall not be in conflict with his duties as an independent auditor.
- 6) If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which the former auditor and the Company failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Company to the external auditor before its submission.
- 7) If an external auditor believes that the statements made in the Company's annual report, information statement, proxy statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall present his views in said reports.
- 8) The Company should disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit and Governance Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.
- 9) The Company's external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm shall be changed with the same frequency.

Article VI. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and all its investors:

- A. The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:
 1. Right to vote on all matters that requires their consent or approval
 - a) Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

- b) Cumulative voting shall be used in the election of directors.
- c) A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

Shareholders are also encouraged to participate when given sufficient information prior to voting on fundamental corporate changes such as: (1) amendments to the Articles of Incorporation and By-Laws of the Company; (2) the authorization on the increase in authorized capital stock; and (3) extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Company. In addition, the disclosure and clear explanation of the voting procedures, as well as removal of excessive or unnecessary costs and other administrative impediments, allow for the effective exercise of the shareholders' voting rights. Poll voting is highly encouraged as opposed to the show of hands. Proxy voting is also a good practice, including the electronic distribution of proxy materials.

2. Right to inspect corporate books and records

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.

3. Right to information

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

The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

4. Right to dividends

Shareholders shall have the right to receive dividends subject to the

discretion of the Board.

Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine in accordance with the law and applicable rules and regulations.

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.

5. 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:

- a) 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;
- b) 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
- c) In case of merger or consolidation.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' 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 shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

6. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting subject to limits and ownership requirement prescribed by the Board
 7. Right to nominate candidates to the Board of Directors subject to guidelines prescribed by the Board, the Nomination Committee.
- B. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate 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. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.

The Board should encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.

The Board should encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the Company website within five business days from the end of the meeting.

The Corporate Secretary and the Corporate Information Officer are always present at every shareholders' meeting to ensure the engagement with its shareholders.

Article VII. GOVERNANCE SELF-ASSESSMENT SYSTEM

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.

The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.

The governance self-assessment system is recommended by SEC Memo Circular No. 19 Series of 2017. The Company will implement a self-assessment system by end of the year 2017.

Article VIII. DISCLOSURE AND TRANSPARENCY

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

Therefore, the Board commits at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

- B. Reportorial or Disclosure System of Company's Corporate Governance Policies

The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Company's Compliance Officer.

It is therefore essential that all material information about the Company which could adversely affect its viability or the interest of its stockholders and other stakeholders should be publicly and timely disclosed. Such information shall include earnings results, acquisition or disposal of assets, off balance sheet transactions, board changes, related party transactions, direct and indirect remuneration of members of the Board and Management, shareholdings of directors and changes to ownership.

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

Article IX. RIGHTS OF STAKEHOLDERS

The Board shall identify the Company's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability.

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.

Article X. EMPLOYEES' PARTICIPATION

The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance.

The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the Company's culture.

The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

Article XI. SOCIAL RESPONSIBILITY

The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Article XII. COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Company shall strictly implement its corporate governance rules in accordance with this Manual, which shall be used as reference by the members of the Board and Management.

To ensure adherence to this Manual, the Company hereby establishes a compliance system as follows:

A. Communication Process

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

All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

An adequate number of printed copies of this Manual must be reproduced under the supervision of the Corporate Information Officer, with a minimum of at least one (1) hard copy of the Manual per department.

B. Training Process

If necessary, funds shall be allocated by the CFO or its equivalent officer

for the purpose of conducting an orientation program or workshop to operationalize this Manual.

A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

Article XIII. REGULAR REVIEW OF THE CODE

Monitoring and Assessment

Each Committee shall report regularly to the Board of Directors.

The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Article 11 of this Manual.

The establishment of such evaluation system, including the features thereof, shall be disclosed in the Company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Company. The adoption of such performance evaluation system must be covered by a Board approval.

This Manual shall be subject to annual review unless the same frequency is amended by the Board.

All business processes and practices being performed within any department or business unit of the Company that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

Article XIV. 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, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:

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

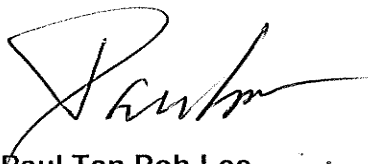
The commission of a third violation of this manual by any member of the board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

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

Article XV. Effective Date

This New Manual on Corporate Governance is effective immediately.

Signed:



Paul Tan Poh Lee
Chairman of the Board



Stefan Tong Wai Mun
President



Felicidad V. Razon
Compliance Officer