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Contact Person

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Company Telephone Number

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**SEC FORM 17-C (Amended Manual on
Corporate Governance)**

FORM TYPE

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Annual Meeting

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Secondary License Type, if Applicable

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Amended Articles Number/Section

442 as of June 30 2014

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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STAMPS

AMENDED MANUAL ON CORPORATE GOVERNANCE

KEPPEL PHILIPPINES HOLDINGS, INC.

(As Amended on 28 July 2014)

The Board of Directors and Management, i.e. officers and staff, of KEPPEL PHILIPPINES HOLDINGS, INC. (KPH) 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 insure that the Company operates with utmost integrity while working to the very highest standards of business conduct.

OBJECTIVE

THE COMPANY'S 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 framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.

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 corporation.

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 corporation. Corollary to setting the policies for the accomplishment of the corporate 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, the members of its Board is a collective mix of executive and non-executive directors who possess appropriate expertise, knowledge and experience to guide and direct the activities of the Company within the framework of its vision and mission, strategic objectives, policies and procedures.

A. COMPOSITION OF THE BOARD

1. The Board shall consist of nine (9) 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 two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).
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.

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 Corporation.

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") 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 CHAIR AND CHIEF EXECUTIVE OFFICER

The roles of the Chair and Chief Executive Officer (CEO) 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 Chair and CEO upon their election. If the positions of Chair and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

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

1. Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;
2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
3. Maintain qualitative and timely lines of communication and information between the Board and Management.

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 Corporation;
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 Commission 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 subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Securities & Exchange Commission (SEC or the "Commission") or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with 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 Securities & Commission, 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 administered by the Commission or BSP, or any of its rule, regulation or order;
- e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;

- f) Any person judicially declared as insolvent;
- g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;
- h) 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
- i) 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 corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- 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.

3. “Cooling-Off Period”

- a) A regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an Independent Director after a two (2) year “cooling-off period”.
- b) Persons appointed as Chairman “Emeritus”, “Ex Officio Directors/Officers or members of any Executive Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities shall be subject to a one (1) year “cooling-off period” prior to his qualification as an Independent Director.

F. 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 Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

The Board should formulate the Corporation’s vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor the management’s performance.

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 Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- a) Implement 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 Management.

- b) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
- c) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.
- d) Establish and maintain an effective investor relations program that will keep the stockholders informed of important developments on the Corporation. If feasible, the Company's CEO or chief financial officer shall exercise oversight responsibility over this program.
- e) Identify the corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- f) Adopt 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 corporation's internal control system in order to maintain its adequacy and effectiveness.
- g) Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.
- h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, 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.

- i) Endeavor to provide appropriate technology and utilize available resources to ensure a competitive position'
- j) Constitute an audit, nomination, compensation and remuneration 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) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities.
- l) Properly discharge 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) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- n) Appoint a Compliance Officer.
- o) Define the duties and responsibilities of the Chief Executive Officer/President and select or approve an individual with appropriate ability, integrity and experience to perform the role of the Chief Executive Officer/President.
- p) Review proposed senior management appointments and ensure the selection, appointment and retention of qualified and competent management.
- q) Review the Corporation'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.

G. 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 corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards

sustained progress. A director should observe the following norms of conduct:

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

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 corporation.

2. Devote 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 corporation'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.

3. Act 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. Exercise 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 corporation.

5. Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of 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 Corporation's competitiveness.

6. Observe 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. To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

8. To uphold the interest of the Corporation whenever a conflict of interest arises.

H. INTERNAL CONTROL RESPONSIBILITIES OF THE BOARD

The control environment of the Corporation consists of:

1. the Board which ensures that the Corporation is properly and effectively managed and supervised;
 2. a Management that actively manages and operates the Corporation 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 corporation'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 CEO who is ultimately accountable for the Corporation's organizational and operational controls;
 - ii. Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
 - iii. Evaluation of proposed senior management appointments;

- iv. Selection and appointment of qualified and competent management officers; and
 - v. Review of the Corporation'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 Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

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

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of 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.

I. 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, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings.

J. REMUNERATION OF DIRECTORS AND OFFICERS

The levels of remuneration of the Corporation 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 Corporation 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 corporation. No director shall participate in deciding on his remuneration.

The Corporation'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 four (4) management officers during the preceding fiscal year.

K. BOARD COMMITTEES

To aid in complying with the principles of good corporate governance, the Board shall constitute the following Committees:

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 Corporation.

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 Committee

The Audit Committee shall be composed of at least three (3) members of the Board, two (2) of whom shall be independent directors and another with audit experience. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment. One of the Independent Directors shall be the Chair of the Audit 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 Audit Committee shall have the following functions:

- a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- c) Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.
- d) Perform oversight functions over the internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- e) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- f) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one

audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

- g) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- h) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- i) Review the reports submitted by the internal and external auditors;
- j) Review the accounts, quarterly, half-year and annual financial statements of the Company before 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
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements.
- k) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- l) Evaluate and determine 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 Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;
- m) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly 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.

- n) Review cooperation given by the Corporation's officers to the external and internal auditor;
- 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 Corporation 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) Review interested party transactions;
- q) Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization;
- r) Keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the company's total expenditure on consultancy. The non-audit work should be disclosed in the annual report and not exceed 40% of the total audit fees; and
- s) Perform tasks delegated to it from time to time by the Board of Directors, subject to applicable laws.

3. Nominations Committee

The Board shall create a Nomination Committee which shall have at least three (3) members, one of whom must be an independent director. The Board may call upon the Human Resource ("HR") Manager to assist the committee in screening the candidates nominated.

It shall have the following duties:

- a) Pre-screen and shortlist 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 & Regulations Code, and other pertinent rules and regulations.

- b) Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.
- c) In consultation with the Executive Committee, re-define the role, duties and responsibilities of the Chief Executive Officer/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.

4. Compensation and Remuneration Committee

The Compensation and Remuneration Committee 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) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.
- b) Designate 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) Develop 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) Disallow any director to decide his or her own remuneration.
- e) Provide in the Corporation'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) Review (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.

- g) In the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

L. THE CORPORATE SECRETARY

The Corporate Secretary is an officer of the Corporation. He should be a Filipino citizen and a resident of the Philippines.

- 1) Duties and Responsibilities
 - a) Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
 - b) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its Committees, as well as the other official records of the Corporation.
 - c) Be loyal to the mission, vision and objectives of the Corporation.
 - d) Work fairly and objectively with the Board, Management, stockholders and other stakeholders;
 - e) Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.
 - f) Have appropriate administrative and interpersonal skills.
 - g) If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.
 - h) Have a working knowledge of the operations of the Corporation.
 - i) As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.

- j) Give or cause to be given all notices required by law or by the by-laws of the Corporation as well as notices of all meetings of the Board of Directors and stockholders.
- k) Attend all Board meetings, except when justifiable causes such as illness, death in the immediate family and serious accidents, prevent him from doing so.
- l) Record or see 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.
- m) Keep or cause to be kept record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred.
- n) Keep the corporate seal and affix it on all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same.
- o) Certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements required of him by law or by government rules and regulations.
- p) Inspect 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 receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and perform such acts as are proper to conduct the election or vote.
- q) Submit 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.
- r) Assign 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.
- s) Ensure that all Board procedures, rules and regulations are strictly followed by the members;

- t) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual; and
- u) Perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

M. 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.

N. 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, and shall have direct reporting responsibilities to the Chairman of the Board. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

He shall perform the following duties:

1. Monitor compliance by the Corporation with this Manual, the Code of Corporate Governance, and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
2. Appear before the Securities & Exchange Commission (SEC) when summoned in relation to compliance with this Manual and with the Code of Corporate Governance; and
3. Issue a certification every January 30th of the year on the extent of the corporation's compliance with this Manual and the Code of Corporate Governance for the completed year and, if there are any deviations, explain the reason for such deviation.
4. Identify, monitor and control compliance risks; and

5. Perform such other duties as may be necessary and/or appropriate towards effectively achieving compliance with this Manual.

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 corporation's expense.

Article V. ACCOUNTABILITY AND AUDIT

- A. The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that 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 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 corporation, 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 corporation 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 corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
4. The Corporation shall consistently comply with the financial reporting requirements of the SEC;

B. INTERNAL AUDITOR

The Internal Auditor shall report to the Audit Committee.

The Internal Auditor should submit to the Audit 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 Audit 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.

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

C. EXTERNAL AUDITOR

An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the company.

The external auditor or auditors of the Corporation shall examine, verify, and report on the earnings and expenses of the Corporation and shall certify the remuneration of the external auditor or auditors as determined by the Board of Directors.

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 Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

The external auditor of the Company shall not, at the same time, provide internal audit services to the Corporation. The Corporation 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.

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 Corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.

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.

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.

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 corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

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.

- B. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. 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 corporation.

Article VII. GOVERNANCE SELF-RATING SYSTEM

The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the SEC Revised Code of Corporate Governance (*SEC Memorandum Circular No. 6, Series of 2009*).

The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Company's annual report.

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 Corporation'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. 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 Corporation 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 Human Resource Department ("HRD"), 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 X. REGULAR REVIEW OF THE CODE AND THE SCORECARD

A. Annual Scorecard

To aid the SEC in monitoring compliance with the Code of Corporate Governance, the Company shall accomplish annually a scorecard on the scope, nature and extent of the actions it has taken to meet the objectives of this Manual.

B. 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 Corporation. The adoption of such performance evaluation system must be covered by a Board approval.

This Manual shall be subject to quarterly 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 XI. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

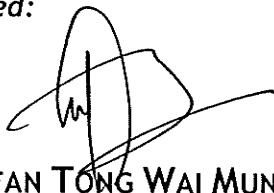
To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision 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 imposable penalty for such violation, for further review and approval of the Board.

Signed:



STEFAN TONG WAI MUN
President

