

FILINVEST

DEVELOPMENT CORPORATION

**REVISED MANUAL ON CORPORATE GOVERNANCE
2024**

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FILINVEST DEVELOPMENT CORPORATION

REVISED MANUAL ON CORPORATE GOVERNANCE

(as amended on July 31, 2024)

I. PREFATORY STATEMENT

Pursuant to SEC Memorandum Circular No. 19, Series of 2017, the Board of Directors and Management of **FILINVEST DEVELOPMENT CORPORATION** (the “Corporation”) hereby establish and adopt its updated corporate governance rules and commit themselves to the principles and best practices contained in this Revised Manual on Corporate Governance (the “Revised Manual”) in the pursuit of the Corporation’s goals.

II. OBJECTIVE

This Revised Manual institutionalizes the principles of good corporate governance in the entire organization. The Board of Directors and Management of the Corporation recognize and affirm that good corporate governance is a necessary component of what constitutes sound strategic business management. Accordingly, every effort necessary to create awareness of good corporate governance within the organization shall be undertaken henceforth.

III. COMPLIANCE SYSTEM

A. Board of Directors

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

It shall be the Board’s responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The Board shall provide an independent check on management. As such, it is vitally important that a number of board members be independent from management.

(1) Composition of the Board of Directors

The Board shall be composed of at least five (5) but not more than fifteen (15) members elected by shareholders. The Corporation, being a publicly-listed company, shall have at least three (3) independent directors or such independent directors as shall constitute at least one-third (1/3) of the members of such Board, whichever is higher.

The election, qualifications and disqualifications of the independent directors shall be in accordance with the amended by-laws of the Corporation.

The Board shall include a balance of executive and non-executive directors (including

independent non-executives), having a clear division of responsibilities such that no individual or small group of individuals can dominate the Board's decision making. The non-executive directors shall be given the opportunity to have exclusive and periodic meetings with the external auditors and heads of the internal audit, compliance and risk functions.

The non-executive directors should be of sufficient qualifications, stature and number to carry significant weight in the Board's decisions. The non-executive directors may concurrently serve as director in up to a maximum of five (5) publicly-listed companies. Non-executive directors considered by the Board to be independent shall be identified in the annual report.

The Board shall ensure that there is independence and diversity, and appropriate representation of women in the Board, subject to the possession of the knowledge, abilities and experience determined by the Board as necessary for the Board to properly perform its functions. Diversity is not limited to gender and includes business experience, age, ethnicity, culture, skills, competence and knowledge.

The Board shall regularly review its composition, taking into account the evolving requirements of the Corporation, and best practices in corporate governance.

(2) General Responsibilities of the Board of Directors

It is the Board's responsibility to foster 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 will formulate the Corporation's vision, mission, strategic objectives, policies and procedures, annual budgets and business plans, that shall guide its activities, including the means to effectively monitor management's performance.

(3) Specific Duties and Functions of the Board of Directors

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board will conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities which include, among others, the following:

- (a) Install a process of selection to ensure a mix of competent directors and officers;
- (b) Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives;
- (c) Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- (d) Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;
- (e) Adopt a system of internal checks and balances;
- (f) Identify key risk areas and key performance indicators and monitor these

actors with due diligence;

- (g) Approve and oversee the implementation of risk management policies;
- (h) Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;
- (i) Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and existing laws, rules and regulations;
- (j) Periodically evaluate and monitor implementation of strategies and policies, business plans and operating budgets, as well as Management's over-all performance to ensure optimum results;
- (k) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures and establish programs that can sustain its long-term viability and strength;
- (l) 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;
- (m) 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;
- (n) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation;
- (o) Establish a performance management framework that will ensure that the Management, including the Chief Executive Officer ("CEO"), and personnel's performance is at par with the standards set by the Board and Senior Management; and
- (p) Adopt a Board Charter that formalizes and states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the Corporation's website.

(4) 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) To conduct fair business transactions with the Corporation and to ensure that

personal interest does not bias Board decisions;

- (b) To devote time and attention necessary to properly discharge his duties and responsibilities;
- (c) To act judiciously;
- (d) To exercise independent judgment;
- (e) To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Securities and Exchange Commission ("SEC" or the "Commission"), and where applicable, the requirements of other regulatory agencies;
- (f) To observe confidentiality;
- (g) To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

(5) Internal Control Responsibilities of the Board

The control environment is composed of: (a) the Board which ensures that the Corporation is appropriately and effectively managed and controlled, (b) a Management that actively manages and operates the Corporation in a sound and prudent manner, (c) the organizational and procedural controls supported by an effective management information system and risk management reporting system, and (d) the independent audit mechanisms to monitor the adequacy and effectiveness of the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules and regulations, and contracts.

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

- (a) Defining the duties and responsibilities of the Chief Executive Officer ("CEO"), Chief Risk Officer ("CRO"), Compliance Officer and Chief Audit Executive ("CAE");
- (b) Selecting and appointing an individual with appropriate ability, integrity and experience to fill the roles of the CEO, CRO, CCO, and CAE;
- (c) Reviewing proposed senior management appointments;
- (d) Ensuring the selection, appointment and retention of qualified and competent Management and control functions;
- (e) Reviewing the Corporation's personnel and human resource policies and sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers, and management succession plan;
- (f) Establishment of an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and

operational controls are faithfully complied with. The Board may appoint a CAE to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The CAE shall be guided by the International Standards on Professional Practice of Internal Auditing.

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

(6) Board Meetings and the Quorum Requirement

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

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

The Corporation shall submit to the Commission a sworn certification on the directors' record of attendance in Board meetings in a particular year, on or before January 30 of the following year.

(7) Remuneration of the Members of the Board and Officers

Levels of remuneration shall be sufficient to attract and retain the directors, if any, and officers needed to run the Corporation successfully. The Corporation should, however, avoid paying more than what is necessary for this purpose. A proportion of executive directors' remuneration may be structured so as to link rewards to corporate and individual performance.

The Board shall establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors depending on the particular needs of the Corporation. In no case should a director be allowed to participate in decisions relating to his remuneration.

The Corporation's annual reports, information and proxy statements shall include a clear, concise and understandable disclosure of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly to all individuals serving as the CEO or acting in a similar capacity during the last completed fiscal year, regardless of the compensation level, and the Corporation's four (4) most highly compensated executive officers other than the CEO who were serving as the CEO or acting in a similar capacity during the last completed year.

(8) Nomination, Election, Qualification and Disqualification of Directors

The Board shall promulgate the guidelines and criteria for the nomination and disclose the same in the Corporation's information or proxy statement or such other reports required to be submitted to the Commission. The guidelines shall contain the procedure for the acceptance of nominations from all stockholders of the Corporation.

All candidates nominated to become a member of the Board of Directors shall be pre-screened and shortlisted. The Nomination Committee shall ensure that the Board shall be diverse in

terms of age, culture, gender and expertise and take into account the following qualifications and disqualifications:

Qualifications

- Holder of at least one (1) share of stock of the Corporation;
- At least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- At least twenty-one (21) years old;
- Proven to possess integrity and probity; and
- Assiduous.

Permanent Disqualifications

- (a) 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;
- (b) Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or the Bangko Sentral ng Pilipinas ("BSP"), or any rule, regulation or order of the Commission or the BSP;
- (c) Any person judicially declared to be insolvent;
- (d) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;
- (e) 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;
- (f) Any person finally convicted judicially or order by an administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker, or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (g) Any person, who, by reason of misconduct, is permanently enjoined by final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker, (b) acting as director or officer of a bank, quasi-bank,

trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in 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 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 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;

- (h) All other grounds for disqualification under the Articles of Incorporation and By-Laws of the Corporation; and
- (i) Other grounds as the Commission may provide.

Temporary Disqualifications

- (a) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- (b) Absence or non-participation for whatever reason/s in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- (c) Dismissal or termination from directorship in another publicly listed corporation, public company, registered issuer of securities and holder of a secondary license from the Commission, for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity that gave rise to his dismissal or termination;
- (d) Being under preventive suspension by the Corporation;
- (e) If the independent director becomes an officer or employee of the same corporation, he shall be automatically disqualified from being an independent director;
- (f) Conviction that has not yet become final referred to in the grounds for permanent disqualification of independent directors; and
- (g) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with.

(9) Independent Directors

Independent directors may serve for a maximum cumulative term of nine (9) years.

Thereafter, the independent directors shall be perpetually disqualified from being reelected as an independent director in the Corporation. The Board may nonetheless retain an independent director who has served for nine (9) years provided that, the reelection is supported by meritorious justification and that the shareholders have given their approval during the annual shareholders' meeting.

In the event that the Chairman of the Board is not independent or the position of Chairman and Chief Executive Officer is held by one person, the Board shall designate a lead director among the independent directors. The Lead Independent Director shall have the following roles and functions:

- (a) Serve as an intermediary between the Chairman and the other directors when necessary;
- (b) Convenes and chairs meetings of the non-executive directors; and
- (c) Contributes to the performance evaluation of the Chairman, as required.

(10) Chairman and Chief Executive Officer

The function of the Chairman is to preside at all the meetings of the stockholders and the Board of the Directors. He may also call special meetings of the stockholders and Board of Directors pursuant to the Corporation's By-laws.

The President, who shall be elected by the Board from among its members, shall be the CEO of the Corporation. He shall, subject to the control of the Board, have direct and immediate supervision over the long-term and daily operations and management of the Corporation and shall execute and administer the administrative and operational policies approved by the Board. He shall also exercise such powers as may be vested upon him by the Board not incompatible with law or the Corporation's By-laws. He may, at his discretion, delegate to a CEO some of his responsibilities subject to such rules and limitations as the Board may prescribe.

The roles of the Chairman and the CEO shall as far as practicable be separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Corporation shall disclose the relationship between the Chairman and the CEO upon their election.

The Chairman of the Board shall have the following roles and responsibilities:

- (a) Preside all the meetings of the stockholders and the Board and ensures that such meetings are held in accordance with the By-Laws of the Corporation or as the Chairman may deem necessary;
- (b) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, the Management and the Directors;
- (c) Provide leadership in the Board by ensuring effective functioning of the Board and maintaining a relationship of trust with board members;
- (d) Ensure that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;

- (e) Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- (f) Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- (g) Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- (h) Make sure that performance of the Board is evaluated at least once a year and discussed or followed up on.

Where both positions of the Chairman and CEO are unified, there is clearly one leader to provide a single vision and mission. In this instance, checks and balances should be clearly provided to help ensure that independent outside views, perspectives, and judgments are given proper hearing in the Board.

B. Board Committees

To aid in good corporate governance, the Board shall form the (1) Corporate Governance Committee, (2) the Audit and Risk Management Committee and (3) Related Party Transaction Committees.

The Board Committees shall each have its respective Committee Charters stating the purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters shall provide the standards for evaluating the performance of the Committees. Committee Charters shall be publicly available and posted on the Corporation's website.

(1) Corporate Governance Committee

The Corporate Governance Committee shall assist the Board in fulfilling its corporate governance and compliance responsibilities. The Committee shall be composed of at least three (3) members of the Board, all of whom shall be independent directors. The Chairman of the Committee shall be an independent director.

The Corporate Governance Committee shall have the following duties and responsibilities:

- (a) Ensure the effectiveness and due observance of corporate governance principles and guidelines of the Board, its committees' and executive management;
- (b) Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- (c) 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;

- (d) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- (e) Make recommendations to the Board regarding the continuing education of directors, assignment to Board Committees and succession plan for the Board members and senior officers;
- (f) Determine the nomination and election process for the Corporation's directors and other positions requiring appointment by the Board, define the general profile of board members that the Corporation may need and ensure that appropriate knowledge, competencies and expertise will complement the existing skills of the Board;
- (g) Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates;
- (h) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance;
- (i) Review with the Compliance Officer, at least on annual basis, any legal or regulatory matter that could have a significant impact on the Corporation's financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and
- (j) Obtain an annual report from the Compliance Officer regarding the adequacy of the Corporation's compliance program.

The Corporate Governance Committee shall also serve as the Nomination Committee. It shall review and evaluate the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board and assess the effectiveness of the Board's process and procedures in the election or replacement of directors.

(2) Audit and Risk Management Committee

The Board shall constitute an Audit and Risk Management Committee to be composed of at least three (3) qualified non-executive directors, preferably with accounting and financial background, majority of which shall be independent and should have related audit experience.

The Chairman of this Committee should be an independent director. He should inculcate in the minds of Board members the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

The Audit and Risk Management Committee shall have the following duties and responsibilities:

- (a) Internal Audit
 - Recommend 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;

- Provide oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
- Provide oversight of the Corporation's internal and external auditors;
- Review and approve audit scope and frequency, and the annual internal audit plan;
- Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one (1) audit firm is involved;
- Set up an internal audit department and consider the appointment of an internal auditor as well as an independent external auditor, the audit fee and any question of resignation or dismissal;
- Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system;
- Receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies;
- Review the quarterly, half-year and annual financial statements before submission to the Board 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
- Coordinate, monitor, and facilitate compliance with existing laws, rules and regulations;
- Evaluate and determine non-audit work by external auditor and 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 Corporation's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report; and
- Establish and identify the reporting line of the CAE so that the reporting level allows the internal audit activity to fulfill its responsibilities. The CAE shall report directly to the audit Committee functionally. The Audit committee shall ensure that the internal auditors shall have free and full access to the Corporation's records, properties and personnel relevant to the internal audit activity, and that the internal audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.

(b) Risk Management

- Develop and oversee the Corporation's risk management program;
- Oversee the system of limits to discretionary authority that the Board delegates to the Management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached;
- Advise the Board on its risk appetite levels and risk tolerance limits;
- Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence;
- Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary;
- Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board; and
- Other duties and responsibilities are provided in the Audit and Risk Management Committee Charter.

(3) Related Party Transaction Committee

The Board shall constitute a Related Party Transaction Committee to be composed of at least three (3) non-executive directors, two (2) of whom shall be independent, including the Chairman of the Committee.

The Related Party Transaction Committee shall have the following duties and responsibilities:

- (a) Conduct continuous evaluation and monitoring of existing relations among counterparties to ensure that all related parties are identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and the SEC;
- (b) Evaluate all material RPTs to ensure that these are transacted on an arm's length basis 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 may take into account the following:

- The related party's relationship to the Corporation and interest in the transaction;

- The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - The benefits to the Corporation of the proposed RPT;
 - The availability of other sources of comparable products or services; and
 - 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) Ensure that appropriate disclosure is made to the regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest;
- (d) Report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- (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 implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

(4) Compensation Committee

The Board shall constitute a Compensation Committee to be composed of at least three (3) directors as member, one (1) of whom shall be independent.

The Compensation Committee 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 Company's culture, strategy and control environment;
- (b) Disallow any director to decide on his/her own remuneration;
- (c) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any and officers.

C. Supply Information

In order to fulfill their responsibilities, Board Members should be provided with complete, adequate and timely information prior to Board meetings on an ongoing basis.

Management has an obligation to supply the Board with complete, adequate information in a timely manner. The Board shall have separate and independent access to the Corporation's senior management.

The information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly interim financial statements. With respect to the budget, any variance between the projections and actual results should also be disclosed and explained.

Directors shall have a separate and independent access to Management and the Corporate Secretary. The role of the Corporate Secretary should be clearly defined and should include responsibility for ensuring that Board procedures are being followed and that applicable rules and regulations are complied. The Corporate Secretary should attend all board meetings.

The Board should have a procedure for directors, either individually or as a group, for the furtherance of their duties, to take independent professional advice, if necessary, at the Corporation's expense.

D. Accountability and Audit

(1) The Board is primarily accountable to the shareholders and Management is primarily accountable to the Board. The Board should provide the shareholders with a balanced and understandable assessment of the Corporation's performance, position and prospects on a quarterly basis. The Management should provide all members of the Board with a balanced and understandable account of the Corporation's performance, position and prospects on a monthly basis. This responsibility should extend to interim and other price sensitive public reports and reports to regulators (if required). It should be primarily responsible in making financial reporting and internal control in accordance with the following guidelines.

- (a) Present a balanced and understandable assessment of the Corporation's position and prospects. The Board's responsibility to present a balanced and understandable assessment should extend to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
- (b) Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
- (c) Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
- (d) Maintain a sound and effective system of internal control to safeguard stakeholders' investment and the Corporation's assets for the benefit of all stockholders and other stakeholders;
- (e) Based on the approved audit plans, scope and frequency of audits, ensure that the internal audit examinations cover, at least, the evaluation of the adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
- (f) Ensure that the Corporation consistently complies with the financial reporting requirements of the Commission.

- (g) Require the chief executive to render to the Audit Committee and senior management an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee of the Board. Such annual report should include significant risk exposures and control issue, corporate governance issues, and other matters needed or requested by the Board and senior management. The chief audit executive's annual report shall likewise be made available to the stockholders of the company. Internal auditors shall report that their activities are "conducted in accordance with the Standards for Professional Practice of the Internal Auditing". Otherwise, the chief audit executive shall disclose to the Board and senior management that it has not yet achieved full compliance with the standards for the professional practice of internal auditing.
- (h) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency.

(2) 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 shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

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 Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the Corporation on accounting principles or practices, financial disclosures or audit procedures 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 the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

(3) The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis

E. Corporate Secretary

The Corporate Secretary is an officer of the Corporation. His loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.

Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.

The Corporate Secretary shall have the following duties and responsibilities:

- (1) Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;
- (2) As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting in accordance with the by-laws;
- (3) Inform members of the Board, in accordance with the by-laws, of the agenda of the meetings at least five (5) 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;
- (4) Attend all Board meetings, except when justifiable causes prevent him from doing so, and maintain records of the same;
- (5) Advise on the establishment of the board committees and their terms of reference and ensures that all Board procedures, rules and regulations are strictly followed by the members;
- (6) 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;
- (7) Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporations, and advises the Board and the Chairman on all relevant issues as they arise;
- (8) Work fairly and objectively with the Board, Management, stockholders and other stakeholders and contributes to the flow of information between the Board and the Management, the Board and its committees, and the Board and its stakeholders, including shareholders; and
- (9) Perform required administrative functions;
- (10) Have a working knowledge of the operations of the Corporation;
- (11) Oversee the drafting of the by-laws and ensures that they conform with the regulatory requirements; and
- (12) Perform such other duties and responsibilities as may be provided by the Commission.

F. Compliance Officer

To insure adherence to corporate principles and best practices, the Board shall appoint a Compliance Officer who shall hold the position of at least a Senior Vice President or its equivalent. He/She shall have direct reporting responsibilities to the Chairman of the Board.

The Compliance Officer shall perform the following duties:

- (1) Ensure the proper onboarding of new directors (i.e. orientation on the Corporation's business and charter documents);
- (2) Monitor, review, evaluate, and ensure compliance by the Corporation, its officers and directors with the relevant laws, rules and regulations as well as the provisions and requirements of this Revised Manual;
- (3) Appear before the Commission upon summons on similar matters that need to be clarified by the same;
- (4) Determine violation/s of the Revised Manual, reports the matter to the Board and recommend penalty for violation thereof for further review and approval of the Board;
- (5) Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same; and
- (6) Identify and monitor compliance with the rules and regulations of regulatory agencies, and take appropriate corrective measures to address all regulatory issues and concerns in collaboration with other departments.

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

The Compliance Officer may concurrently occupy other positions in the Corporation, except for the office of the Corporate Secretary. No additional compensation shall be paid to the officer who is also the Compliance Officer.

G. Internal Auditor

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

The Internal Auditor shall report to the Audit Committee.

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 the 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.

IV. COMMUNICATION PROCESS

This Revised 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 enjoy compliance in the process.

An adequate number of printed copies of this Revised Manual must be reproduced under the supervision of the Human Resources Department (“HRD”), with a minimum of at least one (1) hard copy of the Manual per department.

V. TRAINING PROCESS

If necessary, funds shall be allocated by the Chief Financial Officer (“CFO”) or its equivalent officer for the purpose of conducting an orientation program as well as the annual continuing training workshop to operationalize this Revised Manual.

A director may, 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.

VI. REPORTORIAL OR DISCLOSURE SYSTEM

The reports or disclosures required under this Revised 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 Corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders should be publicly and timely disclosed in accordance with the rules and regulations of the Commission and the exchange. Such information shall include, among others, earnings results, acquisition or disposition of significant assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board, Management and key officers, including termination and retirement. The Board of the offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.

All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

The Board shall therefore commit at all times to full disclosure of material information dealings. All directors and officers shall likewise be required to report any dealings in the Corporation’s shares within three (3) business days. 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.

The Corporation's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the regulators and posted on the Corporation's website. The Corporation shall also use media and analysts' briefings as communication channels to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

VII. SHAREHOLDERS' BENEFITS

The Corporation 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 Corporation and all its investors.

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

A. Right to Nominate and Vote

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

B. Power of Inspection

- All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code, during business hours and upon prior written notice to the Corporation.
- All Shareholders shall be furnished with annual reports, including financial statements, without cost or restrictions.

C. 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 Corporation's shares, dealings with the Corporation, 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".

D. Right to Dividends

- Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- The Commission may direct the Corporation to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: i) when justified by definite corporate expansion projects or programs approved by the Board; or ii) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

E. 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:
 - i. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder 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;
 - ii. 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
 - iii. In case of merger or consolidation.

F. Right to Attend and Participate in Shareholders' Meetings

- The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the Corporation. The shareholders should be encouraged to personally attend such meetings and shall be notified of the date and place of the meeting at least 28 days before the meeting. 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 shareholder's favor.
- The results of the votes taken during the most recent annual or special stockholders' meetings shall be made publicly available within the next working day. The minutes of such meetings shall likewise be posted on the Corporation's website within five (5) business days from the date of the meeting.
- 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.

VIII. BUSINESS ETHICS AND EMPLOYEE PARTICIPATION

- A. The Board shall adopt a Code of Business Conduct and Ethics, which provides the standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the company website.
- B. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance.
- C. The Board shall adopt an anti-corruption policy and program in its Code of Business Ethics and Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the Corporation's culture.
- D. The Board shall establish a 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 should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

IX. MONITORING AND ASSESSMENT

- A. Each Committee shall report regularly to the Board of Directors.
- B. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Revised Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part XII of this Revised Manual.
- C. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation'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.
- D. This Revised Manual shall be subject to quarterly review unless the same frequency is amended by the Board.
- E. All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

X. GOVERNANCE AND SELF-RATING SYSTEM

In order to measure the performance of the Board of Directors, on annual basis, the Board and all Board Committees of the Corporation shall accomplish the Self-Assessment Sheet. The results shall be consolidated and presented by the Compliance Officer to the Board to through the Corporate Governance Committee.

XI. PENALTIES FOR NON-COMPLIANCE WITH THE REVISED MANUAL

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.