

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. Date of Report (Date of earliest event reported)
Aug 31, 2016
2. SEC Identification Number
AS09502283
3. BIR Tax Identification No.
004-703-376
4. Exact name of issuer as specified in its charter
DMCI Holdings, Inc.
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
3/F Dacon Bldg. 2281 Chino Roces Avenue, Makati City
Postal Code
1231
8. Issuer's telephone number, including area code
(632) 8883000
9. Former name or former address, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	13,277,470,000
Preferred	3,780

11. Indicate the item numbers reported herein
Item No. 9

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



DMCI Holdings, Inc.

DMC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Amended Manual on Corporate Governance and Board Charter

Background/Description of the Disclosure

In a Special Board Meeting held today, August 31, 2016, the Board approved the amendment of the following:

1. Manual on Corporate Governance – to include the Corporate Governance Committee, its composition and duties
2. Board Charter – to include the Corporate Governance Committee

Other Relevant Information

Please see attached full disclosure under SEC 17-C Form.

Filed on behalf by:

Name	Herbert Consunji
Designation	Chief Finance Officer

COVER SHEET

A S O 9 5 0 0 2 2 8 3

SEC Registration Number

D M C I H O L D I N G S , I N C .

(Company's Full Name)

3 R D F L R . D A C O N B L D G . 2 2 8 1
 P A S O N G T A M O E X T . M A K A T I C I T Y

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

HERBERT M. CONSUNJI

Contact Person

888-3000

Company Telephone Number

(Last Wednesday of July)

1	2	3	1
Month		Day	
Fiscal Year			

SEC 17-C
Amended Manual on Corporate Governance and Board Charter
 FORM TYPE

0	7	2	7
Month		Day	
Annual Meeting			

N.A.

Secondary License Type, If Applicable

C F D
 Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign
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To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. August 31, 2016
Date of Report (Date of earliest event reported)
2. SEC Identification Number AS095-002283
3. BIR Tax Identification No. 004-703-376
4. DMCI Holdings, Inc.
Exact name of issuer as specified in its charter
5. Philippines
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. 3/F Dacon Building, 2281 Don Chino Roces Avenue, Makati City
Address of principal office
- 1231
Postal Code
8. (632) 888-3000
Issuer's telephone number, including area code
9. Not applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>No. of Shares Outstanding</u>	<u>Amount</u>
Common Shares	13,277,470,000	Php13,277,470,000.00
Preferred Shares	3,780	3,780.00
TOTAL	13,277,473,780	Php13,277,473,780.00

11. Indicate the item numbers reported herein: Item 9
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Item 9. Other Matters

In a Special Board Meeting held today, August 31, 2016, the Board approved the amendment of the following:

1. Manual on Corporate Governance – to include the Corporate Governance Committee, its composition and duties
2. Board Charter – to include the Corporate Governance Committee

SIGNATURES

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

DMCI Holdings, Inc.
Issuer


Brian T. Lim
Finance Officer

August 31, 2016



**Amended Manual on
Corporate Governance**
August 2016

The Board of Directors and Management of DMCI Holdings, Incorporated hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same shall serve as a guide in the attainment of our corporate goals.

1. OBJECTIVE

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

The Board of Directors and Management believe that corporate governance is one of the necessary components of what constitutes sound business management. In this regard, Management shall undertake the necessary effort to create corporate governance awareness within the organization as soon as possible.

2. DEFINITION OF TERMS

For the purpose of this Manual, words importing the singular also include the plural and the masculine includes the feminine and the neuter and vice versa where the context requires. The technical terms used in this Manual shall have the respective meanings as set forth below:

Board of Directors –the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties

Chairman – refers to the person duly elected by the members of the Board of Directors to preside over Board meetings and other duties and responsibilities listed under the Corporation By-laws.

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

Corporation- refers to DMCI Holdings, Incorporated.

Code – refers to the Code of Corporate Governance.

Director – refers to a person duly elected by stockholders in the Board.

Executive Director – a director who is also the head of a department or unit of the corporation or performs any work related to its operation.

Independent Director – a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Internal Control – the systems established by the Board of Directors and Management for the accomplishment of the Corporation’s objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with the applicable laws, regulations and internal rules.

Internal Control System – the framework under which internal controls are developed and implemented to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed.

Internal Audit – an independent and objective assurance activity designed to add value to and improve the corporation’s operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.

Internal Audit Department – refers to an organic unit of the Corporation that provides independent, objective assurance and consulting services designed to review the implementation of the Internal Control.

Management – refers to the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation

Non-executive Director – a director who is not the head of a department or unit of the corporation nor performs any work related to its operation.

Non-audit work – the other services offered by an external auditor to a corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor.

Manual – refers to this Manual on Corporate Governance.

PSE – shall refer to the Philippine Stock Exchange

SEC – refers to the Securities and Exchange Commission.

3. BOARD GOVERNANCE

The Board of Directors (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.

3.1 Composition of the Board

The Corporation’s Board shall be composed of nine (9) directors, two (2) of which are Independent Directors who are elected by the stockholders.

The membership of the Board may be a combination of executive and non-executive directors (which included 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.

3.1.1 Chairman and CEO

The roles of the Chairman and the 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 the functions between the Chairman and the CEO shall be made upon their election.

If the positions of the Chairman and CEO are unified, 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 Chairman in relation to the Board may include, among others, the following:

- (i) Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;
- (ii) 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
- (iii) Maintain qualitative and timely lines of communication and information between the Board and Management.

3.2 Board of Directors

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

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 stockholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

3.2.1 General Responsibility of a Director

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 Management's performance.

3.2.2 Specific Duties and Functions of the Board

To ensure a high standard of best practice for the Corporation, its stockholders and stakeholders, the Board should conduct itself with

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

a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. 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 investor relations program that will keep the stockholders informed of important developments in the Corporation. If feasible, the Corporation'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 balance 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 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) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

j) 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.

k) Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

l) 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.

m) Appoint a Compliance Officer who shall have the rank of at least Vice President. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

3.2.3 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:

- Conduct fair business transactions for the Corporation and to ensure that his personal interest does not conflict with the interests of the corporation;
- Devote the time and attention necessary to properly and effectively perform his duties and responsibilities;
- Act judiciously;
- Exercise independent judgment;
- 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.
- Observe confidentiality;
- Ensure the continuing soundness, effectiveness and adequacy of the Corporation's internal control system.

3.2.4 Qualifications of Directors

- Holder of at least one (1) share of stock of the Corporation;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least thirty (30) years old;
- He shall have worked or in business for at least six (6) years and held a position not less than managerial level;
- He shall have proven to possess integrity and probity; and
- He shall be assiduous.

Disqualifications

As provided in the SEC Revised Code of Corporate Governance, the following shall be grounds for permanent disqualification of a director:

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

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

The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC 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;

(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

(iv) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order;

(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;

(vi) Any person judicially declared as insolvent;

(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;

(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

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

- 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;
- Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve-(12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- Dismissal or termination for cause as director of any corporation covered by the Code. This disqualification shall

be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

- If the beneficial equity ownership in the Corporation or its subsidiaries and affiliates exceeds two (2) percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- 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.

3.2.5 Board Meetings and 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.

To monitor the directors' compliance with the attendance requirements, the Corporation 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. The certification may be submitted through SEC Form 17-C or in a separate filing.

3.2.6 Remuneration of Directors and Officers

The levels of remuneration of the Corporation should 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 may be structured or be based on corporate and individual performance.

4. BOARD COMMITTEES

The Board shall constitute the proper committees to assist it in good corporate governance.

4.1 Nomination and Election Committee

The Nomination Committee shall have at least three (3) Directors, one of whom must be independent.

4.1.1 It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the following qualifications and disqualifications:

Qualifications

- Holder of at least one (1) share of stock of the Corporation;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least twenty one (30) years old;
- He shall have worked or in business for at least six (6) years and held a position not less than managerial level;
- He shall have proven to possess integrity and probity; and
- He shall be assiduous.

Disqualifications

- Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- Any person finally found by SEC 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 Code, the Corporation Code, or any other law, rules, regulations or order administered by the SEC or Bangko Sentral ng Pilipinas;
- Any person judicially declared to be insolvent or bankrupt;
- 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; and
- Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Code, committed within five (5) years prior to the date of his election or appointment.
- Any person treated for mental disorder, drug or alcohol addiction or confined in a mental institution;
- Any person owning directly or indirectly more than ten (10%) percent equity in any similar nature of business other than the Corporation's affiliates or subsidiaries.

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

- Refusal to fully disclose the extent of his business interest as required under the Code and its implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency or any twelve-(12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- Being under preventive suspension by the Corporation;
- If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director;
- Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

4.1.2 In consultation with the Board, review and re-define, as appropriate, the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

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

4.1.4 The Nomination Committee shall consider the following guidelines in determining the number of directorships for the members of the Board:

- The nature of the business of the Corporation which he is a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

4.2 Compensation and Remuneration Committee

The Compensation or Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.

4.2.1 Duties and Responsibilities

- 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.
- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully.
- 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.
- 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.
- Disallow any director to decide his or her own remuneration.
- 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 ensuing year.
- Review of the existing Administration or Personnel, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance or personnel concerned with all statutory requirements that must be periodically met in their respective posts.

4.3 Audit Committee

The Audit Committee shall be composed of at least three (3) Members of the Board, at least two (2) of whom must be independent and one (1) of whom shall be its head or chairman. Each member shall have adequate understanding at least or competence at most of the Corporation's financial management systems and environment. *(In compliance with SEC Memorandum Circular No. 6 Series of 2004)*

4.3.1 Functions of the Audit Committee

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) Perform oversight functions over the corporation's 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;
- d) 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;
- e) 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;
- f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- h) Review the reports submitted by the internal and external auditors;
- i) Review the quarterly, half-year and annual financial statements before their 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.

j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

k) 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;

l) 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.

4.4 Risk Oversight Committee

The Risk Oversight Committee shall be composed of at least three (3) members, majority of whom must be independent directors. The Chairman of the Risk Oversight Committee must be an independent director. The committee shall have the following duties and responsibilities:

- (a) Promote an open discussion and awareness on the risks faced by the Corporation and its subsidiaries which may have a potential impact on the Corporation's operations
- (b) Review the Corporation's risk management function to ensure that senior management has the proper position, staff and resources to manage such risks.
- (c) Oversee and work with the Corporation's Chief Risk Officer, the Corporation's General Counsel, Chief Compliance Officer and external legal counsel and regulatory consultants, as needed, to recommend a risk profile of the Corporation, considering the Corporation's risk capacity, risk appetite, risk limits, current risk profile, risk exceptions and remediation protocols.
- (d) Review with senior management, the Corporation's Enterprise Risk Management (ERM) charter, policies and procedures for assessing and managing potential key risk exposures.
- (e) Review disclosures regarding risks contained in the Corporation's Annual Report and other publicly-issued statements
- (f) Work with the Audit Committee in including in the Corporation's Annual Report a certification as to the adequacy of the Corporation's internal controls and risk management system.
- (g) Oversee the risk management function, including reviewing with management the guidelines and policies that govern the process by which risk assessment and risk management is undertaken.
- (h) Perform other activities as may be required or necessary pursuant to the ERM charter upon the request of the Board.

4.4 Corporate Governance Committee

The Corporate Governance Committee shall be composed of at least three (3) members of the Board, majority of whom shall be independent directors of the Corporation. The Board shall designate one member, who must be an independent director, to serve as the Committee Chairman. It shall have the following duties and responsibilities:

- (a) Formulate policies that will promote compliance with all rules, laws, regulations and company policies**
- (b) Review and implement the Corporation's corporate governance activities and programs**
- (c) Monitor and facilitate the Corporation's compliance with all rules and policies**
- (d) Conduct annual review of the effectiveness of the Officers and employees in fulfilling their responsibilities**
- (e) Conduct an annual self-assessment on compliance with corporate governance principles, policies, and provisions.**

5. THE CORPORATE SECRETARY

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

- (I) 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;
- (ii) Be loyal to the mission, vision and objectives of the corporation;
- (iii) Work fairly and objectively with the Board, Management, stockholders and other stakeholders;
- (iv) Have appropriate administrative and interpersonal skills;
- (v) 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;
- (vi) Have a working knowledge of the operations of the Corporation;
- (ii) Inform the members of the Board, in accordance with the By-Laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (iii) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;

- (iv) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- (v) If he is also the Compliance Officer; perform all the duties and responsibilities of the said officer as provided for in this Code.
- (vi) Issue certification every January 30th of the year on the attendance of directors in meetings of the Board of Directors, countersigned by the Chairman of the Board, in accordance with SEC Memorandum Circular No. 3, series of 2007.

6. COMPLIANCE OFFICER

The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. He shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman.

6.1.1 He shall perform the following duties:

- (i) Monitor compliance by the Corporation with this Code 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;
- (ii) Identify and monitor compliance with the rules and regulations of regulatory agencies, and take appropriate corrective measures to address all regulatory issues and concerns;
- (iii) Appear before the Commission when summoned in relation to compliance with this Code;
- (iv) Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Code for the completed year and, if there are any deviations, explain the reason for such deviation; and
- (v) Prepare and submit to the Commission all reports or disclosures required under this Code;

7. 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.

8. ACCOUNTABILITY AND AUDIT

A. The Board is primarily accountable to the stockholders. It should provide a balanced and comprehensible assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other report 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 should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (i) The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders;
- (iii) On the basis of the approved audit plans, internal audit examinations should 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;
- (iv) The Corporation should consistently comply with the financial reporting requirements of the SEC and the IC;
- (v) 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. 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.

- B. The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the SEC and the IC 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 SEC 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.

C. External Auditor

i. An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation. An External Auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

ii. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an External Auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

iii. The External Auditor of the Corporation shall not at the same time provide the services of an Internal Auditor. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the External Auditor.

iv. The External Auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

v. If an external auditor believes that the statements made in the Corporation's annual reports, information statement or proxy statement filed during engagement is incorrect or incomplete, he shall qualify his views in said reports.

Under the supervision of the Audit Committee, the Internal Auditor should formulate the rules and procedures on financial reporting and internal control.

D. Internal Auditor

- i. 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 remain effective and appropriate, and are complied with.
- ii. The Internal Auditor shall report to the Audit Committee.
- iii. 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.
- iv. 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.

9. COMMUNICATION PROCESS

- 9.1 This manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
- 9.2 All Directors and management 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.
- 9.3 An adequate number of printed copies of this Manual must be reproduced with a minimum of at least one (1) hard copy of the Manual per department.

10. TRAINING PROCESS

- 10.1 If necessary, funds shall be allocated by the Treasurer or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.
- 10.2 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.
- 10.3 For continuing education, the Compliance Officer may attend from time to time seminars or workshops or be a member of an association dedicated to such.

11. REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

- 11.1 The Board shall commit at all times to fully disclose material information dealings.

It shall cause the filing of all required information for the interest of the stakeholders.

11.2 The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by and through the Compliance Officer.

11.3 All material information, *i.e.* anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of directors and changes to ownership.

11.4 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.

11.5 The Corporation is prohibited in communicating material non-public information to any person, unless is ready to simultaneously disclose the material non-public information to the Exchange. This rule does not apply if the disclosure is made to:

11.5.1 A person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and

11.5.2 A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his/her personal gain.

11.6 In order to fully comply and enforce Section 4.2 of the Revised Disclosure Rules, the following internal controls shall be implemented:

11.6.1 The Board shall adopt a resolution to effect and comply with said Section.

11.6.2 The said Section shall be circulated to the Corporation's and its subsidiaries' executive officers, managers, and staff.

11.6.3 An information sheet on material contracts, undertakings, or dealings shall be made and submitted to the office of the Compliance Officer.

11.6.4 The Compliance Officer shall evaluate or as the case maybe, consult the Chairman on the degree of materiality of information to be disclosed, and

11.6.5 In matter of evaluating, the Compliance Officer shall always consider that any material information not detrimental to the course of business of the Corporation shall be disclosed to PSE

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

12 STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST

A. The Board shall respect the rights of the stockholders as provided for in the Corporation Code.

12.1 Right to vote on all matters that require their consent or approval

At each meeting of the stockholders, every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him which has voting power upon

the matter in question. They shall be informed of the rules, including the voting procedures that govern general shareholders' meeting. Shareholders shall be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting. Owners of shares of common stock of the Corporation shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code, the Articles of Incorporation and the By-Laws.

12.2 Right to participate in decisions concerning fundamental corporate changes

The Corporation encourages all stockholders to attend the annual stockholders' meeting and actively participate in the major and fundamental changes in the Corporation, such as but not limited to: (a) any amendment of the Articles of Incorporation and By-Laws, (b) any change in the authorized capital of the Corporation, and (c) the transfer of all or substantially all of the corporate assets as provided in the Corporation Code.

The Corporation strictly observes the early distribution of the meeting agenda with rationale for each item, definitive information statement, proxy forms, financial reports and other pertinent information to the stockholders of record. This information is filed with the Securities and Exchange Commission and the Philippine Stock Exchange. Electronic copies are timely posted in the Corporation's website as well.

12.3 Right to inspect corporate books and records

The records of all business transactions of the Corporation and the minutes of any meeting shall be open to inspection by the stockholders at reasonable hours on business days and the stockholders may demand, in writing, for a copy of excerpts from said records or minutes, at their expense; provided that such request may be refused by the Board if the stockholder demanding to examine the records has improperly used any information secured through any prior examination of the records of the Corporation or was not acting in good faith or for a legitimate purpose in making his demand. Stockholders have also the right to receive copies of the most recent financial statements within ten (10) calendar days from receipt of a written request from the Corporation.

12.4 Right to information

The stockholders shall be provided upon request, periodic reports filed by the Corporation with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), which are likewise posted and made available in the Corporation's website. These reports include but are not limited to: personal and business information on directors and key officers, shareholdings of directors and officers, aggregate remuneration amount of directors, material transactions of the Corporation, and major decisions that need stockholders approval.

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 within sixty (60) calendar days prior to the filing of the preliminary information statement, 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".

12.5 Right to dividends

Stockholders have the right to receive dividends declared by the Board of Directors out of the unrestricted retained earnings which shall be payable in cash, in property or in stocks, on the basis of outstanding stocks held by them, provided that in case of stock dividends, the same shall likewise be approved and ratified by the shareholders representing at least 2/3 of the outstanding capital stock. The Corporation shall be compelled to declare dividends when its retained earnings are in excess of one hundred percent (100%) of its paid-in capital stock, except: (i) when justified by definite corporate expansion projects or programs approved by the Board of Directors; (ii) when the Board of Directors are prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet 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.

12.6 Appraisal right

This is subject to the provisions of Section 82 under the Corporation Code of the Philippines.

- 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.

13. DISCLOSURE AND TRANSPARENCY

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

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. Such information should include, among others earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

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.

14. COMMITMENT TO GOOD CORPORATE GOVERNANCE

As part of the Corporation's commitment to corporate governance, it shall establish and implement its corporate governance rules in accordance with the SEC's Revised Code of Corporate Governance (the "Code"). The rules shall be embodied in this Manual that can be used as reference by the members of the Board and the Management of the corporation. This Manual shall be submitted to the Commission within 180 business days from the date of effectivity of the Code to enable the Commission to determine the Corporation's compliance with the Code, taking into consideration the nature, size and scope of business of the Corporation. Corporations that have earlier submitted a Manual may at its option, continue to use the same, as long as it complies with the provisions of the Code.

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

15. MONITORING AND ASSESSMENT

- Each Committee shall report regularly to the Board.
- The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible Director, officer or employee to the penalty provided under Part 8 of this Manual.

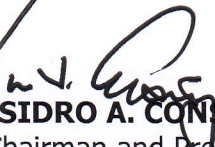
- The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.
- This Manual shall be subject to quarterly review unless the Board amends the same frequency.
- All business processes and practices being performed within any department or business unit of Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

16. 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:
- In case of **first violation**, the subject person shall be reprimanded.
- Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation.
- For **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 the imposable penalty for such violation, for further review and approval of the Board.

August 31, 2016


HERBERT M. CONSUNJI
 Vice President and Chief Finance Officer
 Chief Compliance Officer 


ISIDRO A. CONSUNJI
 Chairman and President



BOARD CHARTER

(Amended August 2016)

INTRODUCTION

Complementary to Law and Articles

The Board Charter (the “Charter”) governs the relationship between the Board Committees and the Board as contained in the charters of the committees which have been approved and adopted by the Board. The Charter is intended to complement or supplement the Corporation Code of the Philippines, the Corporation’s Articles of Incorporation and By-Laws, issuances of the Securities and Exchange Commission (SEC), Philippine Stock Exchange, Inc. (PSE) and other applicable laws, rules and regulations.

SECTION 1: BOARD COMPOSITION

- 1. Number of Directors** – The Corporation’s Board is composed of nine (9) directors, two (2) of which shall be Independent Directors, who are elected by the stockholders.¹
- 2. Positions** - The membership of the Board may be a combination of executive and non-executive directors (which include Independent Directors). The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.²
- 3. Committees** - The Board shall constitute the proper committees to assist it in good corporate governance. Pursuant to the Corporation’s Manual on Corporation Governance, the Board must have the following committees: (a) Audit; (b) Nomination and Election; (c) Compensation and Remuneration; (d) Risk Oversight; and **(e) Corporate Governance.**
- 4. Board Profile** – The Board, in consultation with the Nomination and Election Committee, shall be responsible to review the profile of its size and composition, considering the nature of its business and subsidiaries, and the desired expertise and background of the board members.

¹ Manual on Corp. Governance 3.1

² Manual on Corp. Governance 3.1

- 5. Independence** – The Board shall have at least two (2) Independent Directors or consist at least 20% of the members of the Board as required by the rules of the SEC and the PSE. Provided further, the Corporation may choose to have more Independent Directors in the Board than as required in the Corporation’s By-Laws.

For this purpose, an "Independent Director" shall mean a person who apart from his fees and shareholdings, is independent of management and substantial shareholders free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation.³

SECTION 2: ELECTION OF THE BOARD

- 1. Nomination of Directors** - Candidates for the Board of Directors shall be nominated by a stockholder of the Corporation. Pursuant to the Corporation Code, any stockholder who holds at least one (1) share of stock shall be entitled to nominate and elect a candidate for Board position. The stockholder shall submit a nomination letter to the Nomination and Election Committee (NOMELEC) together with the written consent of the nominee. The NOMELEC shall review and pre-screen the qualifications of each candidate in accordance to the qualifications and disqualifications set in the Corporation’s By-Laws and Manual on Corporate Governance. The NOMELEC must ensure that these qualifications are aligned with the corporate strategic direction of the Corporation. The shortlist of candidates shall be disclosed in the Definitive Information Statement to be distributed to the stockholders.
- 2. Manner of Election** – A majority of the outstanding shares of stocks in person or represented by proxy, shall be sufficient at a stockholders’ meeting to constitute a quorum for the election of directors. A person who holds at least one (1) common share of stock of the Corporation is eligible to be nominated and elected as a director.⁴
- 3. Term of Office** – The elected members of the board of directors shall hold office for one (1) year, until their successors are elected and qualified.⁵
- 4. Term limits for Independent Directors** – The Independent Directors can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the Independent Director position was relinquished or terminated.⁶

³ Amended By-Laws Article IV

⁴ Amended By-Laws Article III

⁵ Amended By-Laws Article III

⁶ SEC Memo Circular No. 9

- 5. Re-election of Independent Directors** – After completion of the five (5)-year service period, an Independent Director shall be ineligible for election as such in the same company unless the Independent Director has undergone a “cooling off” period of two (2) years, provided that during such period, the Independent Director concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as Independent Director in the same company.⁷
- An Independent Director re-elected as such in the same company after the “cooling off” period can serve for another four (4) consecutive years.⁸
- After serving as Independent Director for nine (9) years,⁹ the Independent Director shall be perpetually barred from being elected as such in the same company without prejudice to being elected as Independent Director in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the rules and regulations of the Securities and Exchange Commission (SEC).
- 6. Resignation** - Any director of the Corporation may resign at any time by giving written notice to the Chairman of the Corporation. The resignation of any director shall take effect as of the date of its acceptance by the Board of Directors.¹⁰

SECTION 3: BOARD MEETINGS

- 1. Regular Meetings** - Regular meetings of the Board of Directors shall be held every quarter on such date, time and at principal office or such place as may be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Vice Chairman, the President and Chief Executive Officer, or a majority of the Board of Directors of the Corporation.¹¹
- The Corporate Secretary shall schedule all regular board and committee meetings at the start of the financial year.
- 2. Board Attendance** – Each director must attend at least 75% of all the Board meetings held during the year.¹²
- 3. Organizational Meetings** -The Board of Directors shall meet for the purpose of organization, election of officers and the transaction of other business, as soon as

⁷ SEC Memo Circular No.9

⁸ ACGS E.2.6

⁹ ACGS E.2.6

¹⁰ Amended By-Laws Article III Section 11

¹¹ Amended By-Laws Article III Section 7

¹² ACGS E.3.3

practicable after each annual election of directors or on the same day, and if practical at the same place at which regular meetings of the stockholders are held.¹³

4. **Notice of Meetings** – Notice of either regular or special meetings shall be sent to each director at least five (5) business days before the date of meeting. The notice of meeting shall include the time and place of the meeting and the agenda subjects to be discussed. Each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. Subject to any applicable notice requirements, directors having items to suggest for inclusion on the agenda for future Board meetings should advise the Chairman well in advance of such item.¹⁴
5. **Quorum** - A quorum at any meeting of the directors shall consist of a majority of the number of directors, provided, however that an Independent Director shall always be in attendance.¹⁵ For major board decisions, a minimum quorum of at least 2/3 is required.¹⁶
6. **Conduct of the Meetings** –
 - a. **Board of Directors** - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman, or in the absence of the latter, the President and Chief Executive Officer, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Corporate Secretary shall act as secretary of every meeting, and if he is unable to do so, the Chairman of the meeting shall appoint a secretary of the meeting.¹⁷
 - b. **Board Committees** - Members of the Board Committees should attend committee meetings at least twice a year, except for the Audit Committee **and Corporate Governance Committee** which should meet at least four (4) times every year.¹⁸
 - c. **Board Meeting Materials** – The Board of Directors must be provided meeting materials at least five (5) business days in advance of the Board meeting.¹⁹
7. **Executive Sessions** – The independent and non-executive directors must meet separately at least once during the year without any executives present.²⁰

¹³ Amended By-Laws Article III Section 6

¹⁴ Amended By-Laws Article III Section 8

¹⁵ Amended By-Laws Article III Section 9

¹⁶ ACGS E.3.4

¹⁷ Amended By-Laws Article III Section 10

¹⁸ Manual on Corp. Governance Item 4

¹⁹ ACGS E.3.5

²⁰ ACGS E.3.6

8. **Minutes of the Meetings** – Minutes of the meeting shall be taken and recorded by the Corporate Secretary and signed by the Chairman of the Board or the person who were appointed to take notes during the meeting.
9. **Attendance in Board Meeting** - 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.²¹

The Chairman, Chief Executive Officer or Committee Chairpersons may from time to time invite corporate officers, other employees and advisors to attend Board or committee meetings whenever deemed appropriate.

Directors are encouraged to attend all annual meetings of shareholders.

SECTION 4: BOARD DUTIES AND RESPONSIBILITIES

1. ***Duties and Responsibilities of the Board*** – the Board of Directors are responsible 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 stockholders and other stakeholders. To ensure a high standard of best practice for the Corporation, its stockholders and stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities, aside from such powers prescribed in the SEC Code of Corporate Governance, the Corporation’s Manual on Corporate Governance, By-Laws and other applicable laws:
 - a. Review of the mission and vision statement of the Corporation every five (5) years or if deemed necessary.²²
 - b. Review, monitor and oversee the implementation of the corporate strategy at least once a year.
 - c. Adopt, implement and monitor compliance with the Corporation’s Code of Conduct.
 - d. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.
 - e. Review, evaluate and approve, on a regular basis, long-range plans for the Corporation.

²¹ Manual on Corporate Governance 3.2.5

²² ACGS E.1.5

- f. Established committees as prescribed in the SEC Code of Corporate Governance and the Corporation's Manual on Corporate Governance.
- g. Review and approve the Corporation's budget and forecasts.
- h. Conduct annual performance assessment of the Chairman, President/CEO and the board members.
- i. Evaluate and approve major resource allocations and capital investments.
- j. Review the Corporation's material controls and risk management systems.

SECTION 5: THE CHAIRMAN OF THE BOARD

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

- a. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chair 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 President/CEO, Management and the directors; and
- c. Maintain qualitative and timely lines of communication and information between the Board and Management.²³

Likewise, the Chairman of the Board shall exercise the following functions:

- a. To preside over all the meetings of the Board of Directors and the stockholders;
- b. To initiate the development of corporate objectives and policies and formulate long range project, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
- c. To suggest additional functions or duties to any of the officers of the Corporation; and
- d. To exercise such powers as may be incidental to his office and perform each duty as the Board of Directors may assign to him.²⁴

The Chairman of the Board may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s) of the Corporation, subject always to their supervision and control.

SECTION 6: THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

²³ Manual on Corporate Governance 3.1.1

²⁴ Amended By-Laws Article V Section 2

The President and Chief Executive Officer, elected by the Board from among its members, shall have administration and direction of the day-to-day business affairs of the Corporation. He/*she* shall exercise the following functions:

- a. To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman or the Vice-Chairman;
- b. To have general management and supervision of the business affairs and property of the Corporation;
- c. To ensure that the administrative and operational policies of the Corporation are carried out under his/her supervision and control;
- d. Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries;
- e. To oversee the preparation of the budgets and the statements of accounts of the Corporation;
- f. To prepare such statements and reports of the Corporation as may be required of him/her by law;
- g. To represent the Corporation at all functions and proceedings, when authorized by the Chairman of the Board or the majority of the Board of Directors;
- h. To render annual reports to the Board of Directors and to the stockholders;
- i. To perform such duties as incident to his/her office or as entrusted to him/her by the Chairman of the Board, or Board of Directors; and
- j. To sign certificates of stock along with the Corporate Secretary.²⁵

SECTION 7: THE CORPORATE SECRETARY

- 1. General Access** - The Corporate Secretary assists the Board. He/she must be available to provide his/her services to the Board.
- 2. Responsibilities** – The Corporate Secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under law and the company's Articles of Incorporation. The following are the responsibilities of the Corporate Secretary under the provisions of the Corporation's By-Laws and Manual on Corporate Governance:
 - a. The Corporate Secretary shall record all the votes and proceedings of the meeting of Stockholders and of the Board of Directors in a book kept for that purpose.
 - b. He/she shall have charge of the corporate seal of the Corporation. He/she shall keep at the principal office of the Corporation the stock and transfer book and therein keep a record of all the stock, the names of stockholders alphabetically arranged with the addresses to which notices may be sent, the installments paid and unpaid on all stock for which subscription has been made and the date of payment of any

²⁵ Amended By-Laws Article V Section 4

- installment, a statement of every alienation, sale or transfer of stock made, the date thereof and by and to whom made.
- c. 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.
 - d. He/she should attend all stockholders and Board meetings.
 - e. The Corporate Secretary shall assist the Chairman of the Board in organizing the Board's activities including providing information, preparing an agenda, reporting of meetings, evaluations and training programs.
 - f. He/she shall perform such other duties as may be properly delegated to him/her²⁶.

SECTION 8: BOARD COMMITTEES

1. **The Committees** - The Board may appoint committees from among its members to perform specific tasks. The Board shall establish the following committees²⁷:
 - a. Audit;
 - b. Nomination and Election;
 - c. Compensation and Remuneration;
 - d. Risk Oversight; and
 - e. **Corporate Governance.**

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

2. **Committee Reporting** – Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware.
3. **Committee Charters** - The Charters shall indicate the roles and responsibilities of the committee, its composition and how it should perform its duties. It will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

SECTION 9: COMPENSATION OF BOARD MEMBERS

Each director shall receive a reasonable per diem for his attendance at every meeting of the Board. Subject to the approval of the stockholders owning at least a majority of the outstanding capital stock, directors may also be granted such compensation (other than per diems)

²⁶ Amended By-Laws Article V Section 10

²⁷ Manual of Corporate Governance, Item 4

provided however, that the total yearly compensation of directors, as such directors, shall not exceed ten (10%) percent of the net income before income tax of the Corporation during the preceding year.²⁸

The form and amount of Directors' compensation will be determined and approved by the Compensation and Remuneration Committee in accordance with the policies and principles set forth in its charter, and the Compensation and Remuneration Committee will conduct an annual review of Directors' compensation. The remuneration report will differentiate between executive and non-executive compensation.

Likewise, the Corporation and its subsidiaries do not grant personal loans, guarantees or the like to Board members.

SECTION 10: DIRECTORS' TRAINING AND DEVELOPMENT PROGRAM

- 1. Induction Program** - Upon his or her election, each Board member shall participate in an induction program that covers the Corporation's strategy, general financial and legal affairs, financial reporting by the Corporation, its compliance programs, the Code of Business Conduct and Ethics, any specific aspects unique to the Corporation and its business activities, and the responsibilities as a Board member.
- 2. Continuing Education Program** - In order to facilitate the Directors' fulfillment of their responsibilities, the management must provide the following:
 - a. Annual review to identify areas where the Board members require further training or education;
 - b. Educational programs supplemental to the initial orientation to explain the Corporation's business operations;
 - c. Access to, or notice of, continuing educational programs that are designed to keep Directors abreast of the latest developments in corporate governance matters and critical issues relating to the operation of public company boards; and
 - d. Periodic visits to operating units, plants and mine sites.
- 3. Costs** - The costs of the induction course and any training or education shall be paid for by the Corporation.

SECTION 11: ANNUAL PERFORMANCE EVALUATION OF THE BOARD

²⁸ Amended By-Laws Article III Section 13

The Board of Directors will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Corporate Governance Committee shall solicit comments from all Directors and report annually to the Board. The annual performance assessment must be divided into four sets:

- a. Board Appraisal;
- b. Director Appraisal;
- c. Committee Appraisal; and
- d. CEO Appraisal.

The NOMELEC shall conduct an annual review of the performance of the Board as well as the performance of individual Board members and the CEO. The process and the criteria in conducting the Board, committees and CEO assessment will be formulated by the Corporate Governance Committee.

SECTION 12: SUCCESSION PLANNING FOR MANAGEMENT

The Board will evaluate potential successors and approve management succession strategies and plans for the President/CEO and other executive officers of the Corporation. The President/CEO should at all times, make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

SECTION 13: OTHER PROVISIONS

- 1. Conflict of Interests** – A Board member must report immediately to the Chairman any conflict of interest or potential conflict of interest and shall report all relevant information on this matter under the provision of the Code of Business Conduct and Ethics.
- 2. Holding and Trading Securities** – Board members are required to report any holding or trading of Corporation's securities within three (3) trading days to the PSE and SEC. Board members shall be refrained to trade the Corporation's securities during a black out period in compliance with PSE Disclosure Rules and Insider Trading Policy.
- 3. Report on Change of Ownership** – Board members shall notify the Chief Compliance Officer within one trading day of all changes in his beneficial ownership, direct and indirect, of the Corporation's securities, under the provisions of the PSE Disclosure Rules and SEC Implementing Rules and Regulations.
- 4. Confidentiality** – No Board member shall, during his or her membership, disclose any information of a confidential nature regarding the business of the Corporation. He/she

shall not use the confidential information of the Corporation for his/her personal benefit.

SECTION 14: CHARTER REVIEW

This Charter must be reviewed by the Board of Directors at least once a year or as often as deemed necessary. Any amendments and revisions to this Charter must be reviewed and approved by the Board prior to dissemination to the Board members and posting it to the Corporation's website.