

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 13, 2018
2. SEC Identification Number
AS095002283
3. BIR Tax Identification No.
004-703-376-000
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) 888 3000
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

Results of Board of Directors' Meeting

Background/Description of the Disclosure

This is to inform the investing public that at the meeting of the Board of Directors held today, August 13, 2018, the Board approved the following:

1. Consolidated Financial Statements for the period ending June 30, 2018.
2. Amendments to the Manual on Corporate Governance and Board Charter (attached).
3. Training Policy for Directors (attached).

Other Relevant Information

None.

Filed on behalf by:

Name	Brian Lim
Designation	Vice President & Senior 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

3rd Tuesday of May

1 2

Month

3 1

Day

Fiscal Year

SEC 17-C

FORM TYPE

0 5

Month

1 5

Day

Annual Meeting

N.A.

Secondary License Type, If Applicable

C F D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

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5. Philippines
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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

Item 9. Other Matters

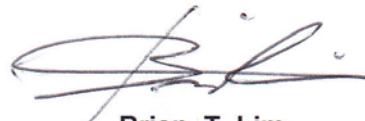
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SIGNATURES

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

A handwritten signature in dark ink, appearing to read 'B. Lim', with a stylized flourish extending from the end.

Brian T. Lim
Vice President & Senior Finance Officer

August 13, 2018



New Manual on Corporate Governance

August 2018

NEW MANUAL ON CORPORATE GOVERNANCE

The Board of Directors and Management of DMCI Holdings, Inc. 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 the company's corporate goals.

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.

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 – refers to 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 take on other duties and responsibilities listed under the Corporation's By-laws.

Conglomerate – a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.

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

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and Senior Management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

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

Corporation- refers to DMCI Holdings, Inc.

Code – refers to the Code of Corporate Governance.

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

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

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 is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Internal control – a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.

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 – a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.

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 – refers to the Philippine Stock Exchange.

Related Party – shall cover the company’s subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company’s directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company.

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

SEC – refers to the Securities and Exchange Commission.

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

THE BOARD'S GOVERNANCE RESPONSIBILITIES

1. ESTABLISHING A COMPETENT BOARD

The Board of Directors (the "Board") is primarily responsible for the governance of the Corporation. 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 long-term best interests of its shareholders and other stakeholders.

1.1 Composition of the Board

- 1.1.1** The Board should be composed of directors with collective working knowledge, experience or expertise that is relevant to the company's businesses. The board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

The Corporation's Board shall be composed of nine (9) directors, two (2) of whom are independent directors.

1.2 Board Composition

- 1.2.1** The Board should be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

1.3 Training

- 1.3.1** The Corporation shall provide a comprehensive orientation or training for first-time directors for such number of hours and in accordance with the requirements of the SEC. To keep Directors abreast of the latest developments in corporate governance, they must undergo a continuing educational program that will promote effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities. (As amended on August 13, 2018)

1.4 Board Diversity

The Corporation recognizes the value of a diverse Board and is committed to creating and maintaining an inclusive and collaborative governance culture that will provide sustainability for the organization into the future. The Corporation shall establish a Board Diversity Policy which will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

1.5 The Corporate Secretary

The Corporate Secretary is primarily responsible to the corporation and its shareholders and has among others, the following duties and responsibilities:

- a. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of the Board and its committees and setting the agenda for those meetings;
- b. Safekeeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- e. Advises on the establishment of board committees and their terms of reference;
- f. Informs members of the Board, in accordance with the by-laws, of the agenda of their meeting at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- h. Performs required administrative functions;
- i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- j. Performs such other duties and responsibilities as may be provided by the SEC.

1.6 The Compliance Officer

The Compliance Officer is a member of the company's management team in charge of the compliance function. He has, among others, the following duties and responsibilities:

- a. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);

- b. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory disciplinary action;
- c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- d. Ensures the integrity and accuracy of all documentary submissions to regulators
- e. Appears before the SEC when summoned in relation to compliance with this Code;
- f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- g. Identifies possible areas of compliance issues and works towards the resolution of the same;
- h. Ensures the attendance of board members and key officers to relevant trainings; and
- i. Performs such other duties and responsibilities as may be provided by the SEC.

2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

2.1 Roles and Responsibilities of 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.

- 2.1.1** 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.
- 2.1.2** The Board should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength
- 2.1.3** The Board should be headed by a competent and qualified Chairperson.
- 2.1.4** The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of the management succession and to promote dynamism in the corporation.
- 2.1.5** The Board should align the remuneration of key officers and board members with the long-term interests of the company. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and

performance. Further, no director should participate in discussions or deliberations involving his own remuneration.

- 2.1.6** The Board should establish formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of directors should be aligned with the strategic direction of the company.
- 2.1.7** The Board should have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.
- 2.1.8** The Board should be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).
- 2.1.9** The Board should establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.
- 2.1.10** The Board should oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of the Management, board members, and shareholders. The Board should also approve the Internal Audit Charter.
- 2.1.11** The Board should oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.
- 2.1.12** The Board should have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the directors in the performance of their functions and should be publicly available and posted on the company's website.

2.2 Specific Duties and Responsibilities of the Board

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 SEC, 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.

2.3 The Chairman of the Board

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

- a. Makes 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;
- b. Guarantees that the board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

- e. Assures availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

2.3.1 The roles of the Chairman and the 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.

2.3.2 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.

2.4 Nomination and Election of the Board of Directors

The Corporation shall provide clear protocols and procedures for the nomination and election of Directors that are consistent with the Company's By-laws.

2.4.1 Nomination Procedures

- a. Candidates for the Board of Directors shall be nominated by a stockholder of the Corporation. Pursuant to the Corporation Code, any stockholder (including a minority stockholder) shall be entitled to nominate a director.
- b. The nominating stockholder shall submit a nomination letter to the Nomination and Election Committee (NOMELEC) together with the written consent of the nominee. In accordance with the provisions of Article III, Section 3 of the Amended By-Laws of the Corporation, all nominations for the election of directors shall be submitted in writing to the Board of Directors, with the consent of the nominees, at least sixty (60) days before the scheduled annual stockholders' meeting.
- c. The NOMELEC shall review and pre-screen the qualifications of each candidate in accordance with the qualifications and disqualifications set in the Corporation's Amended By-Laws and Manual on Corporate Governance. The NOMELEC must ensure that these qualifications are aligned with the corporate strategic direction of the Corporation.
- d. The shortlist of candidates shall be disclosed in the Definitive Information Statement to be distributed to the stockholders.

2.4.2 Qualifications of Directors

- a. Holder of at least one (1) share of stock of the Corporation;
- b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- c. He shall be at least thirty (30) years old;
- d. He shall have proven to possess integrity and probity; and
- e. He shall be assiduous.

2.4.3 Disqualifications of Directors

- a. 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;
- b. 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;

- 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 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;
- c. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- d. Any person judicially declared as insolvent;
- e. 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 subparagraphs (i) to (v) above;
- f. 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.

2.4.4 Temporary Disqualifications of Directors

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

- a. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- b. Absence in more than fifty 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;
- c. 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.

- d. For independent directors, the beneficial equity ownership in the Corporation or its subsidiaries and affiliates should not exceed two (2) percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with, subject to the rules and regulations of the SEC.
- e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
- f. 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.

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.

Under the By-Laws of the Corporation, the presence of at least two-thirds (2/3) of the number of directors shall constitute a quorum for board meetings, and the vote of 2/3 of the members of the board shall be required to approve a board resolution.

To monitor the directors' compliance with the attendance requirements, the Corporation shall submit to the Commission, on or before January 15 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.

2.6 Compensation of Directors

Each director receives a reasonable per diem for his attendance at every meeting of the Board and Committee meeting. 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) 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.

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.

3. ESTABLISHING BOARD COMMITTEES

The Board shall establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. The Board shall adopt the following committees:

- ✓ Audit and Related Party Transaction
- ✓ Board Risk Oversight
- ✓ Corporate Governance *(with functions of the nomination and election and the compensation committees)*
- ✓ Executive Committee

3.1 Audit and Related Party Transaction (RPT) Committee

The Audit and Related Party Transaction (RPT) Committee is responsible for overseeing the Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The committee should be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent.

The Audit and RPT Committee has the following duties and responsibilities, among others:

3.1.2 Audit

- a. Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation' internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other

irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

- c. Oversees the Internal Audit Department and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- e. Reviews and monitors the Management's responsiveness to the Internal Auditor's findings and recommendations;
- f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should 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 and Annual Corporate Governance Report;
- h. Reviews and approves the Interim 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
 - ✓ Areas where a significant amount of judgment has been exercised
 - ✓ Significant adjustment resulting from the audit
 - ✓ Going concern assumptions
 - ✓ Compliance with accounting standards
 - ✓ Compliance with tax, legal and regulatory requirements
- i. Reviews the disposition of the recommendation in the External Auditor's management letter;
- j. Performs oversight functions over the Corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that

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

- k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;
- m. Other duties and responsibilities provided in its Charter.

3.1.3 Related Party Transactions (RPT)

The following are the functions of the RPT Committee, among others:

- a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships should be reflected in the relevant reports to the Board and regulators/ supervisors;
- b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor collateral requirement) to such related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
 - ✓ The related party's relationship to the company 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. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that

could arise as a result of the company arise as a result of the company's affiliation or transactions with other related parties;

- d. Reports to the Board of Directors on a regular basis, 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 two write-off exposures are subject to a periodic independent review or audit process; and
- f. Oversees the implementation of the system for identifying, monitoring, measuring control, and reporting RPTs, including a periodic review of RPT policies and procedures.

3.2 Corporate Governance Committee

The Corporate Governance (CG) Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.

It is composed of at least three members, majority of whom should be independent directors, including the Chairman.

It has the following duties and functions, among others:

- a. Oversees the implementation of the corporate governance framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments
- b. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- 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. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession planning for the board members and senior officers, and remuneration packages for corporate and individual performance;
- e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

- f. Proposes and plans relevant trainings for the members of the Board;
- g. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- h. 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.
- i. Other duties and responsibilities provided in its Charter.

Aside from compliance with the best practices of corporate governance, the CG Committee shall also have the following functions:

3.2.1 Nomination and Election

The CG Committee shall perform the functions previously undertaken by the Nominations & Elections (Nomelec) Committee. As such, it is responsible for seeking qualified candidates to the Board of Directors, and for conducting the annual Board of Directors nominations and elections process. It has the following functions, among others:

- a. It shall undertake the process of identifying that the quality of directors is aligned with the Company's strategic directions
- b. It shall pre-screen and shortlist all candidates or nominees for directors of the Corporation, using the following guidelines:
 - i. The nature of the business of the Corporation which he is a director;
 - ii. Age of the director;
 - iii. Number of directorships/active memberships and officerships in other corporations or organizations;
 - iv. Possible conflict of interest; and,
 - v. Diversity policy of the Board
- c. In identifying and recommending candidates for election as directors, the CG Committee will:
 - i. Consider individuals recommended by shareholders. The Committee may develop procedures to be followed in connection with shareholder recommendations (including without limitation deadlines for receipt of recommendations in connection with annual meetings, required information to be provided regarding a

candidate, required consents of candidates to be considered by the Committee, and the treatment of previously recommended individuals). Any such procedures will be subject to the review and approval of the Board of Directors.

- ii. Review the effectiveness and implementation of the Diversity Policy of the Board and recommend any revisions that may be required.
- iii. If necessary, the Committee will consider to use professional search firms or other external sources of candidates (such as a pool of qualified corporate directors who are members of the professional organizations with director database available) when searching for candidates to the board of directors

3.2.2 Compensation and Remuneration

- 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 to ensure that compensation is consistent with the Corporation's culture, strategy and control environment.
- b. Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, provided, however, that no director shall take part in deciding his 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.
- d. 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.
- e. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and ensuing year.
- f. 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.

3.3 Board Risk Oversight Committee

Board Risk Oversight Committee (BROC) shall be responsible for the oversight of the company's Enterprise Risk Management system to ensure its functionality and effectiveness.

The BROC shall be composed of at least three members, majority of whom should be independent directors, including the Chairman.

Enterprise Risk Management is integral to an effective corporate governance process and the achievement of a company's value creation objectives. Thus the BROC has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place. With an integrated approach, the Board and top management will be in a confident position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities.

The BROC has the following duties and responsibilities, among others:

- d. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of risks and developing strategies to manage prioritized risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- e. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or office are addressing and managing these risks.
- f. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- g. Advises the Board on its risk appetite levels and risk tolerance limits;

- h. Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;
- i. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
- j. 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
- k. Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the action taken to reduce the risks, and recommends further action or plans, as necessary.
- l. Other duties and responsibilities provided in its Charter

3.4 Executive Committee

The Board shall form an Executive Committee composed of five (5) members to be elected by the Board of Directors from among its members. The Executive Committee may act by majority vote of its members on such specific matters within the competence of the Board as may be delegated to it by the Board except with respect to:

- a. Approval of any action for which shareholders' approval is also required;
- b. Filling of vacancies in the Board of Directors;
- c. Amendment or repeal of the By-laws, or the adoption of new By-laws of the Corporation;
- d. Amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repeatable;
- e. Declaration and distribution of cash dividends to shareholders; and
- f. Any matter that may be limited by law, or by the Board of Directors.

4. FOSTERING COMMITMENT

To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

4.1 The directors should attend and actively participate in all meetings of the Board and its Committees, in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so. In board and in committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations. They should also attend and actively participate in shareholders' meetings.

4.2 The Company takes note of the guidelines on the number of board seats recommended by the Commission to listed companies. The company sees to it that the members of the board are committed to exercise their roles and responsibilities as directors regardless of the number of board seats they have in other companies.

4.3 A director should notify the Board where he/she is an incumbent director before accepting a directorship in another company.

5. REINFORCING BOARD INDEPENDENCE

5.1 The Board should have at least two (2) independent directors, or such number as may be required by the SEC.

5.2 Independent Directors

The Board should ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

An independent director refers to a person who, ideally:

- a. Is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company;
- b. Is not, and has not been in the three years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company's substantial shareholders and its related companies;

- c. Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus", "Ex-Officio" Directors/Officers or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- d. Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;
- e. Is not a relative of a director, officer, or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives included spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- f. Is not acting as a nominee or representative of any director of the covered company or any of its related companies;
- g. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities-broker dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
- i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- j. Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and
- k. Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

(As amended on August 13, 2018)

5.3 Term Limits of Independent Directors

The Board's independent directors should serve for a maximum cumulative term of nine years. The cumulative period shall start from the year 2012 in accordance with the rules and circulars of the SEC. After such cumulative nine year period, the independent director shall be perpetually barred from re-election as such in the same company, but he/she may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

5.4 President

In addition to the duties imposed by the Board and responsibilities provided by the Corporation's By-Laws, the President has the following duties:

- a. Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
- b. Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c. Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;
- d. Has a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose;
- e. Directs, evaluates and guides the work of the key officers of the Corporation;
- f. Manages the Corporation's resources prudently and ensures a proper balance of the same;
- g. Provides the Board with timely information and interfaces between the Board and the employees;
- h. Builds the corporate culture and motivates the employees of the Corporation; and
- i. Serves as the link between internal operations and external stakeholders.

5.5 Lead Director

The Board shall designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and President are held by one person.

The functions of the lead director include, among others, the following:

- a. Serves 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.

5.6 A director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same.

5.7 The non-executive directors (NEDs) should have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director.

6. ASSESSING BOARD PERFORMANCE

The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

6.1 The board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator.

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

7. STENGTHENING BOARD ETHICS

Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

- 7.1** The Board should adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, Senior Management and employees. It should also be disclosed and made available to the public through the company website.
- 7.2** The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

DISCLOSURE AND TRANSPARENCY

8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

The Company should establish corporate disclosure policies and procedures that are practical and in accordance with the best practices and regulatory expectations.

- 8.1** The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.
- 8.2** The Company shall have a policy requiring all directors and officers to disclose/report to the company any dealings in the company shares within three business days.
- 8.3** The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.
- 8.4** The company should provide a clear disclosure of its policies and procedure for setting board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report.
- 8.5** The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.
- 8.6** The company should make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, 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.

- 8.7** The company'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 company's website.

9. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

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.

9.1 External Auditor

- 9.1.1** The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.

- 9.1.2** The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the Integrity and independence of the external auditor 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 should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

- 9.1.3** The nature of non-audit services performed by its external auditor shall be disclosed in the Annual Report to deal with the potential conflict of interest. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Corporation shall have a policy on disclosure of non-financial information with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.

11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The Corporation shall have comprehensive and cost-efficient channels of communication to ensure the timely and accurate dissemination of public material and relevant Information to its shareholders and other investors such as but not limited to company websites and media and analysts' briefings.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

12. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company shall have a strong and effective internal control system and enterprise risk management framework.

12.1 The Company shall establish adequate and affective internal control system and an enterprise risk management framework in the conduct of Its business, taking into account the size, risk profile and complexity of operations.

12.2 The Company should have in place an independent internal audit function that provides an independent and objective assurance and consulting services designed to add value and improve the company's operations.

The functions of Internal Audit are, among others:

- a. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors and Management;
- b. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- c. Performs consulting and advisory services related to governance and control as appropriate for the organization;

- d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;
- f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- g. Evaluates specific operations at the request of the Board or Management as appropriate; and
- h. Monitors and evaluates governance processes.

12.3 Chief Audit Executive

Subject to a company's size, risk profile and complexity of operations, it should have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the Internal audit activity or the organization, including that portion that is outsourced to third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or a senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.

The following are the responsibilities of the CAE, among others:

- a. Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;
- b. Establishes risk-based internal audit plan, including policies and procedures to determine the priorities of the internal audit activity, consistent with the organization's goals;
- c. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations as well as significant interim changes. to senior management and the Audit Committee for review and approval;
- d. Spearhead the performance of the internal audit activity to ensure it adds value to the organization;
- e. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and

- f. Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve Internal processes.

12.4 Enterprise Risk Management

Subject to the size, risk profile and complexity of operations, the company shall have a separate risk management function to identify, assess and monitor key risk exposures.

The risk management function involves the following activities, among others:

- a. Defining a risk management strategy;
- b. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
- c. evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
- d. Establishing a risk register with clearly defined, prioritized and residual risks;
- e. Developing a risk mitigation plan for the most important risks to the company as defined by the risk management strategy;
- f. Communicating and reporting significant risk exposures Including business risks (i.e. strategic, compliance, operational, financial and reputational risk), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
- g. Monitoring and evaluating the effectiveness of the organization's risk management processes;

12.5 Chief Risk Officer

In managing the company's Risk Management System, the company should have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his responsibilities, subject to a company's size, risk profile and complexity of operations.

The CRO has the following functions, among others:

- a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous Improvement of ERM processes and documentation;

- b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
- c. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d. Suggests ERM policies and related guidance, as may be needed; and
- e. Provides insights on the following:
 - ✓ Risk management processes are performing as intended;
 - ✓ Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - ✓ Established risk policies and procedures are being complied with

CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

13. PROMOTING SHAREHOLDERS' RIGHTS

The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

13.1 Shareholders' Rights

It is the responsibility of the Board to adopt a policy informing the shareholders of all their rights. Shareholders are encouraged to exercise their rights by providing clear-cut processes and procedures for them to follow.

Shareholders' rights relate to the following, among others:

13.1.1 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 Company 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.

13.1.2 Right to participate in decisions concerning fundamental corporate changes

The Company encourages all stockholders to attend the annual stockholders' meeting and actively participate in the major and fundamental changes in the Company, 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 Company, and (c) the transfer of all or substantially all of the corporate assets as provided in the Corporation Code.

The Company 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 Company's website as well.

13.1.3 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 Company 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 Company.

13.1.4 Right to information

The stockholders shall be provided upon request, periodic reports filed by the Company with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), which are likewise posted and made available in the Company'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 Company, and major decisions that need stockholders approval.

13.1.5 Right to propose holding of meeting.

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".

13.1.6 Right to nominate candidates to the Board

All shareholders must be given the opportunity to nominate candidates to the Board of Directors in accordance with the existing laws. The procedures of the nomination process are expected to be discussed clearly by the Board. The Corporation shall fully and promptly disclose all information regarding the experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates' qualification and credibility.

13.1.7 Nomination Process and Voting Procedures

The Nomination Process as discussed in Item 2.3.1, shall be disclosed in the Information Statements and shall be clearly explained to the shareholders during the Annual Stockholders' Meeting. The Corporation shall conduct poll voting as opposed to show of hands. The distribution of electronic proxy materials and other pertinent documents of the annual meeting shall also be practiced by the Corporation. The Corporation shall seek the consent from the Commission to distribute the annual meeting materials in electronic format. Likewise, the Corporation shall obtain the requisite permits from the Optical Media Board (OMB) for the Corporation to be able to distribute its annual meeting materials in electronic, Compact Disc (CD) or USB format.

13.1.8 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 Company 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.

The Corporation has previously adopted a Dividend Policy¹ that it is committed to provide reasonable economic returns to its shareholders with a dividend payout ratio of at least 25% of the preceding year's Consolidated Core Net Income. Consolidated Core Net Income is currently defined as reported net income excluding all foreign exchange, mark-to-market gains and losses and non-recurring items.

The Corporation may, from time to time, pay special dividends as a return of excess funds to shareholders as determined by the Board of Directors upon considering the investing and operating needs of the Corporation.

This policy is subject to the availability of unrestricted retained earnings, and subject further to compliance with applicable laws, rules and regulations on dividend declarations.

13.1.9 Appraisal right

Stockholders of the Corporation are entitled to exercise their appraisal right under the circumstances provided in Section 82 of the Corporation Code of the Philippines.

The Board shall encourage active shareholder participation by (a) disclosing the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant Information at least 28 days before the meeting, and (b) sending the notice and other meeting materials to the shareholders at least 21 days or 15 business days (whichever is longer) before the scheduled meeting.

13.2 The Board shall encourage active shareholder participation by making the results of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the company website within five (5) business days from the end of the meeting.

13.3 The Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.

13.4 The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO should be present at every shareholders' meeting. The IRO shall have a designated investor relations officer, email address and contact number.

¹ The Dividend Policy was approved by the Board on May 15, 2014, and disclosed to the SEC on May 16, 2014.

DUTIES TO STAKEHOLDERS

14. RESPECTING RIGHTS OF THE STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDERS' RIGHTS

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

14.1 The Board shall identify the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability. The stakeholders, but are not limited to customers, employees, suppliers, shareholders, Investors, creditors, the community the company operates in, society, the government, regulators, competitors, external auditors, among others. In formulating the company's strategic and operational decisions affecting its wealth, growth and sustainability due consideration is given to those who have an interest in the company and are directly affected by its operations.

14.2 The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection or stakeholders.

14.3 The Board shall adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.

15. ENCOURAGING EMPLOYEES' PARTICIPATION

The Corporation shall develop a mechanism for employee participation to create a symbiotic environment, realize the company's goals and participate on its corporate governance processes.

15.1 The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. This will cover, among others:

- a. Health, safety and welfare
- b. Training and development
- c. Reward/compensation for employees

15.2 The Board shall adopt an Anti-Corruption Policy to mitigate corrupt practices such as, but not limited to bribery, fraud, extortion, collusion, conflict of interest and money laundering. This encourages employees to report corrupt practices and outlines procedures on how to combat, resist and stop these corrupt practices.

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

16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

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

The Corporation shall recognize and place an importance on the Interdependence between business and society, and promote a mutually beneficial relationship, that allows the company to grow its business. while contributing to the advancement of the society where it operates.

17. MONITORING AND ASSESSMENT

- 17.1** Each Committee shall report regularly to the Board.
- 17.2** 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.
- 17.3** 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.
- 17.4** This Manual shall be subject to quarterly review unless the Board amends the same frequency.

18. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

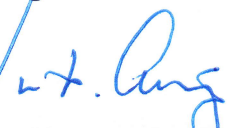
18.1 To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:

- a. In case of first violation, the subject person shall be reprimanded
- b. Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
- c. For third violation, the maximum penalty of removal from office shall be imposed.
- d. 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.
- e. 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.

19. EFFECTIVITY

This Manual was approved by the Board on August 13, 2018 and shall take effect on August 13, 2018.

Signed:



ISIDRO A. CONSUNJI
Chairman of the Board
President and CEO



HERBERT M. CONSUNJI
Executive Vice President & CFO
Chief Compliance Officer





BOARD CHARTER

INTRODUCTION

Complementary to Law and Articles

The Board Charter (the “Charter”) governs the relationship between the board committees and the board of directors as provided in the charters of the committees which were 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 whom 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 Corporate Governance, the Board must have the following committees: (a) Audit and Related Party Transaction, (b) Board Risk Oversight, (c) Corporate Governance (with functions of Nomination and Election and Compensation and Remuneration), and (d) Executive Committee.

¹ Manual on Corp. Governance 3.1

² Manual on Corp. Governance 3.1

4. **Board Profile** – The Board, in consultation with the Corporate Governance Committee (CG), 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.
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, that 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 Board of Directors together with the written consent of the nominee at least 60 days before the scheduled date of the annual stockholders' meeting. The Board shall endorse the nomination to the CG Committee (which functions as the Nomination and Election Committee) who shall then 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 CG Committee 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

³ Amended By-Laws Article IV

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 Director shall serve for a maximum cumulative term of nine (9) years. The cumulative period shall start from the year 2012 in accordance with the rules and circulars of the SEC. After which, the independent director shall be perpetually barred from re-election as such in the same company, but he/she may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.⁶
- 5. Resignation** - Any director of the Corporation may resign at any time by giving written notice to the Chairman of the Board and the Corporate Secretary of the Corporation. The resignation of any director shall take effect as of the date of its acceptance by the Board of Directors.⁷

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.⁸

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 year⁹.

⁴ Amended By-Laws Article III

⁵ Amended By-Laws Article III

⁶ SEC Memo Circular No. 4 S-2017

⁷ Amended By-Laws Article III Section 11

⁸ Amended By-Laws Article III Section 7

⁹ ACGS E.3.3

- 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 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.¹⁰
- 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.¹¹
- 5. Quorum** - A quorum at any meeting of the directors shall consist of two-thirds of the number of directors fixed in the Articles of Incorporation, provided, however that an independent director shall always be in attendance.¹² However, the absence of an independent director shall not affect the quorum requirements if he is duly notified of the meeting but deliberately and without justifiable cause, fails to attend the meeting. Resolutions of the Board of Directors shall be decided upon by at least 2/3 of the members of the board.¹³.
- 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.¹⁴
 - b. **Board Committees** - Members of the Board Committees should attend committee meetings at least twice a year, except for the Audit Committee which

¹⁰ Amended By-Laws Article III Section 6

¹¹ Amended By-Laws Article III Section 8

¹² Amended By-Laws Article III Section 9

¹³ ACGS E.3.4

¹⁴ Amended By-Laws Article III Section 10

should meet at four times (4) times every year.

- c. **Board Meeting Materials** – The board of directors must be provided meeting materials at least five (5) business days in advance of the board meeting¹⁵.
- 7. **Executive Sessions** – The independent and non-executive directors must meet separately at least once during the year without any executives present.¹⁶
- 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 meetings¹⁷.

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 is 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, the stockholders and other stakeholders. To ensure a high

¹⁵ ACGS E.3.5

¹⁶ ACGS E.3.6

¹⁷ New Manual on Corporate Governance 2.4

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. 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.¹⁸
- b. Review of the mission and vision statement of the Corporation at least once a year or whenever deemed necessary¹⁹.
- c. Review, monitor and oversee the implementation of the corporate strategy at least once a year.
- d. Adopt, implement and monitor compliance with the Company's Code of Conduct.
- e. 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.
- f. Review, evaluate and approve, on a regular basis, long-range plans for the Company
- g. Established committees as prescribed in the SEC Code of Corporate Governance and the Corporation's Manual on Corporate Governance.
- h. Review and approve the Company's budget and forecasts
- i. Conduct annual performance assessment of the Chairman, President/CEO and the board members.
- j. Evaluate and approve major resource allocations and capital investments.
- k. 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. Makes 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;

¹⁸ New Manual on Corporate Governance 2.1

¹⁹ ACGS E.1.5

- b. Guarantees that the board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assures availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.
 - i. The roles of the Chairman and the 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.
 - ii. 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.²⁰.

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;
- d. To exercise such powers as may be incidental to his office and perform each duty as the Board of Directors may assign to him²¹.

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.

²⁰ New Manual on Corporate Governance 2.2

²¹ Amended By-Laws Article V Section 2

SECTION 6: THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

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;
- j. To sign certificates of stock along with the Corporate Secretary²².

In addition to the duties imposed by the Board and responsibilities provided by the Corporation's By-Laws, the President has the following duties:

- a. Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
- b. Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c. Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;
- d. Has a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose;

²² Amended By-Laws Article V Section 4

- e. Directs, evaluates and guides the work of the key officers of the Corporation;
- f. Manages the Corporation's resources prudently and ensures a proper balance of the same;
- g. Provides the Board with timely information and interfaces between the Board and the employees;
- h. Builds the corporate culture and motivates the employees of the Corporation; and
- i. Serves as the link between internal operations and external stakeholders.²³

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 the New 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 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. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;

²³ New Manual on Corporate Governance 5.4

- e. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- f. Advises on the establishment of board committees and their terms of reference;
- g. Informs members of the Board, in accordance with the by-laws, of the agenda of their meeting at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- h. He/she should attend all stockholders and board meetings.
- i. The company 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.
- j. He/she shall perform such other duties as may be properly delegated to him/her²⁴.

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 committees²⁵:

- a. audit and related party transaction
- b. board risk oversight
- c. corporate governance (with functions of the nomination & election and remuneration and compensation committee)

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

²⁴ Amended By-Laws Article V Section 10 and New Manual on Corporate Governance 1.4

²⁵ New Manual of Corporate Governance, Item 3

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) 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 year²⁶.

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 company 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 company's strategy, general financial and legal affairs, financial reporting by the company, its compliance programs, the Code of Business Conduct and Ethics, any specific aspects unique to the company and its business activities, and the responsibilities as a board member.

The Company shall provide a comprehensive orientation or training for first-time directors for such number of hours and in accordance with the requirements of the SEC. (As amended on August 13, 2018)

- 2. Continuing Education Program** - In order to facilitate the Directors' fulfillment of their responsibilities, the management must provide the following:

²⁶ Amended By-Laws Article III Section 13

- 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 Company'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.
- 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 company.

SECTION 11: ANNUAL PERFORMANCE EVALUATION OF THE BOARD and KEY OFFICERS

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
- d. Chief Executive Officer Appraisal

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

In addition, the Chief Compliance Officer, Chief Risk Officer and the Chief Audit Executive will be evaluated by their respective board committees.

(As amended on August 13, 2018)

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 Company. 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 Company's securities within three (3) trading days to the PSE and SEC. Board members shall be refrained to trade the company'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 company. 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.



TRAINING POLICY FOR DIRECTORS

Newly elected members of the Corporation's Board of Directors shall undergo a comprehensive orientation or training on the Corporation's business operations, policies and other related matters for such number of hours and in accordance with the requirements of the Securities and Exchange Commission. He/she shall participate in an induction program that covers the Corporation's strategy, general financial and legal affairs, financial reporting, compliance programs, the Code of Business Conduct and Ethics, operational and business aspects unique to the Corporation and its business activities, and the responsibilities of the Board of Directors.

To keep Directors abreast of the latest developments in corporate governance matters, they must undergo a continuing educational program to include critical issues relating to the operation of the company. The management shall conduct an annual review to identify areas where the Board Members need further training or education.

Likewise, the Directors are encouraged to hold periodic visits to actual business operations of the Corporation's subsidiaries, such as housing developments, power plants, mine sites, construction sites, and water treatment facilities, among others.