



MEMORANDUM

TO : All concerned

DATE : June 24, 2014

SUBJECT : CORPORATE GOVERNANCE MANUAL, AS AMENDED

1. Introduction

iPeople, inc. (the “Company”) believes that corporate governance is a necessary component of what constitutes sound strategic business management and shall therefore undertake every effort necessary to create awareness thereof within the organization as soon as possible. The Company has promulgated and shall continue to promulgate policies that ensure good corporate governance, has structured itself to ensure that the men and women that comprise it adhere to the basic principles of the Company, and has mandated compliance with laws as everyone else’s primary responsibility.

The Company adheres to the following basic principles of good governance:

- Transparency or the availability of information through expansion of public disclosure requirements. Consistent with the policy of transparency, all doubts or questions that may arise in the interpretation or application of the provisions of herein Corporate Governance Manual, shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the corporation. (Article 2 SEC Memorandum Circular No. 6, Series of 2009)
- Accountability involves providing adequate incentives and instilling in the business environment the discipline to act in the best interest of the company.
- Fairness / equity implies that the rights of all concerned parties are protected. Directors should not only promote the interest of stockholders but also that of other stakeholders such as creditors, investors, borrowers, suppliers, employees and the social community.

The Company also commits to continue establishing the following policies to ensure that business transactions are being implemented in accordance with the best practices and standards:

- on full and faithful compliance with laws, regulations issued by Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE), and other circulars released by other government regulatory agencies.
- on human resource development and personnel development system based on accountability, checks and balances, and a corporate Code of Ethics.
- to promote the good reputation of the Company in dealings with customers, suppliers and other parties that transact business with the Company.
- sustained program of corporate social responsibility that enhances the good image of the Company before the general public.

2. Composition of the Organization

Policy

The Company has structured itself to ensure that the men and women that comprise it adhere to the basic principles of good governance, which encompass transparency, accountability and fairness. The Board of Directors shall insist on strict adherence to the Company's Corporate Governance Manual, which should guide all relations with the Company's major and other stakeholders and with the general public.

Definition of Terms (Article I of SEC Memorandum Circular No. 6, Series of 2009)

- a. *Corporate Governance* – the framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stockholders and **other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates** ;
- b. *Board of Directors* – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties;
- c. *Exchange* – an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities.
- d. *Management* – the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation;
- e. *Independent Director* – a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;
- f. *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;
- g. *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;
- h. *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;
- i. *Internal Control* – the system established by the Board of Directors and Management for the accomplishment of the corporation's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;

- j. *Internal Control System* – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed;
- k. *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;
- l. *Internal Audit Department* – a department or unit of the corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the corporation’s operations;
- m. *Internal Auditor* – the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results

Implementing Guidelines

A. Board Governance

The Board of Directors (the “Board”) is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide independent check on Management. (Article 3 of SEC Memorandum Circular No. 6, Series of 2009).

A.1 Composition of the Board

- 1.1 The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders. At least two (2) of whom shall be independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).
- 1.2 There shall be a balance of executive and non-executive directors, including independent non-executives, such that no individual or small group of individuals can dominate the Board’s decision-making.
- 1.3 Non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

A.2 Roles of the Board of Directors

- 2.1 Powers and Authority of the Board of Directors

The corporate powers of the Company shall be exercised, its business conducted and all its property shall be controlled and held by its Board of Directors. The powers of the Board of Directors, as conferred by law, are original and cannot be revoked by the stockholders. The Directors hold their office charged with the duty to act for the Company in accordance with their best judgment.

2.2 General Responsibility of the Board of Directors

It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders **and other stakeholders**.

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

The Board is primarily responsible for the corporate governance of the Company. To ensure good governance of the Company, the Board should establish strategic objectives, policies and procedures that shall guide and direct the activities of the Company and the means to attain the same as well as the mechanism for monitoring management's performance. It is the responsibility of the Board of Directors to foster the long-term success of the Company and secure its sustained competitiveness.

While the management of the day-to-day affairs of the Company is the responsibility of the management team, the Board of Directors is, however, responsible for monitoring and overseeing management action. The Board of Directors shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. It is vitally important that a number of board members be independent from management.

2.3 Duties and Functions of the Board of Directors

To ensure a high standard of best practice for the Company, **its stockholders and other stakeholders**, the Board shall conduct itself with honesty and integrity in the performance of the following duties and responsibilities:

- 2.3.1 Implement a process of selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly motivated management officers. Adopt an effective succession planning program for Management.
- 2.3.2 Determine the Company's purpose, its vision and mission and strategies to carry out its objectives.
- 2.3.3 Ensure that the Company complies with all relevant laws, regulations and best business practices.

- 2.3.4 Adopt appropriate decision-making processes to ensure that there is a clear distinction between what decisions should be made by the Board and those decisions that should be made by the organization's management.
- 2.3.5 Ensure that there are sound written policies that will help the Company decide on major capital expenditures. **Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.**
- 2.3.6 Approve the budget set by management and revisions thereto.
- 2.3.7 Implement a process governing policy development, implementation and review, which ensures that the Board approves new policy.
- 2.3.8 Provide an internal self-rating system that can monitor and measure the performance of the Board and Management in accordance with the criteria provided for in the revised Code of Corporate Governance, as approved by the SEC. [Article 7 (Governance Self-rating System) of SEC Memorandum Circular No. 6, Series of 2009]
- 2.3.9 Identify the Company's ***stakeholders*** in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them through an effective investor relations program.
- 2.3.10 Adopt a system of internal checks and balances and conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times.
- 2.3.11 Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability.
- 2.3.12 Review and monitor the risk management strategies and assess whether they are working effectively.
- 2.3.13 Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and the minutes of such meetings shall be duly recorded.
- 2.3.14 Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, major stockholders, officers, and directors, including their spouses, children and dependent siblings and parents and interlocking director relationships by members of the Board. (Article 3 (F)(2)(h) of SEC Memorandum Circular No. 6, Series of 2009)

- 2.3.15 Appoint a Compliance Officer who shall have the rank of at least Vice President (VP). In the absence of such appointment, the Corporate Secretary, preferably a lawyer shall act as Compliance Officer. (Article 3 (F)(2)(m) of SEC Memorandum Circular No. 6, Series of 2009)
- 2.3.16 Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-laws and in accordance with existing laws, rules and regulations.
- 2.3.17 Adopt a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.
- 2.3.18 Identify the ***corporation's stakeholders*** in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- 2.3.19 Constitute an Audit Committee and such other committees which are necessary to assist the Board in the performance of its duties and responsibilities.
- 2.3.20 Establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including regulatory authorities.

2.4 Minimum Board Seats

The Chief Executive Officer and other executive directors may submit themselves to an indicative limit on membership in other corporate Boards. The same limit may apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence should not be compromised.

Please refer to the section on Corporate Governance Committee of this manual for the guidelines in the determination of the number of directorships for the Board.

2.5 Adequate and Timely Information

- 2.5.1 To enable the members of the Board to properly fulfill their duties and responsibilities, the Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.
- 2.5.2 Since reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board, the members should be given independent access to Management and the Corporate Secretary. Such information may include the background or

explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- 2.5.3 The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Company's expense.

A.3 The Chair and the Chief Executive Officer (CEO)

3.1 The Chair and the Chief Executive Officer (CEO)

- 3.1.1 If the position of the Chair and the CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

3.2 The Chair shall have the following duties and responsibilities:

- 3.2.1 Mainly responsible for the proper governance of the Company through the Board of Directors.
- 3.2.2 Responsible for the efficient functioning of the Board. The Chair will decide on all matters to be included in the agenda and preside at all meetings of the stockholders and Board of Directors.
- 3.2.3 Ensure active participation and sufficiently deep professional involvement of all members of the Board of Directors.
- 3.2.4 Encourage and actively solicit views and opinions of other members of the Board in the process of arriving at a decision.
- 3.2.5 Ensure that all members of the Board are given sufficient information and time to enable them to study issues carefully and responsibly that come up to the Board.
- 3.2.6 Allow for, and even encourage, the expression of independent views that may be different from those proposed by top management.
- 3.2.7 Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary.
- 3.2.8 Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer (CEO), Management and the directors.
- 3.2.9 Maintain qualitative and timely lines of communication and information between the Board and Management.

3.3 The Chief Executive Officer (CEO)

The Chief Executive Officer (CEO) will be in-charge of and will exercise general management responsibilities over management development, public relations and advertising relations with other offices, agencies and instrumentalities of the Philippine government and other industry associations, and relations with other ASEAN countries. He will be a member of the Executive Committee and of all major management committees, and will exercise such other powers and perform such other duties as the Board of Directors may prescribe from time to time.

B. Directors

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

B.1 Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- 1.1 To conduct fair business transactions with the Company and to ensure that his personal interest does not conflict with the interests of the Company;
- 1.2 To devote time and attention necessary to properly discharge his duties and responsibilities;
- 1.3 To act judiciously;
- 1.4 To exercise independent judgment;
- 1.5 To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-laws, the rules and regulations of the SEC, and where applicable, the requirements of other regulatory agencies.
- 1.6 To observe confidentiality;
- 1.7 To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment

B.2 Qualification of a Director

A director shall have the following minimum qualifications:

- 2.1 He should own at least one (1) share of the capital stock of the Company;
- 2.2 He should be at least twenty-five (25) years of age at the time of his election or appointment;
- 2.3 He should be at least a college graduate or have an equivalent academic degree;
- 2.4 He should have a practical understanding of the business of the Company;
- 2.5 He must be a member in good standing in relevant industry, business or professional organization; (Article 3 (D)(iii) of SEC Memorandum Circular No. 6, Series of 2009)
- 2.6 He must have previous business experience (Article 3 (D)(iv) of SEC Memorandum Circular No. 6, Series of 2009);
- 2.7 He must be fit and proper for the position of a director of the Company. In determining whether a person is fit and proper for the position of a director, the following matters must be considered:
 - Integrity
 - Competence
 - Education
 - Diligence; and
 - Experience / training

B.3 Disqualification of Directors

The following are the grounds for the disqualification of a director:

3.1 Permanent Disqualification

The following are the grounds for the permanent disqualification of a director. (Article 3, Section E.1 of SEC Memorandum Circular No. 6, Series of 2009).

- 3.1.1 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 (SRC);
 - 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.

- 3.1.2 Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any 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 Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.

- 3.1.3 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.
- 3.1.4 Any person who has been adjudged by final judgment or order of the Commission, 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 Commission or BSP, or any of its rule, regulation or order.
- 3.1.5 Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation.
- 3.1.6 Any person judicially declared as insolvent.
- 3.1.7 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 item nos. 3.1.1 to 3.1.5.

- 3.1.8 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.

3.2 Temporary Disqualification

The Board may provide for temporary disqualification of a director for any of the following reasons:

- 3.2.1 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.
- 3.2.2 Absence in more than fifty (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during 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.
- 3.2.3 Persons convicted for offenses involving dishonesty, breach of trust or violation of laws but whose conviction has not yet become final and executory.
- 3.2.4 Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This qualification applies until the lapse of the specific period of disqualification or upon approval by the appropriate supervising and examining department of such director's election/reelection.
- 3.2.5 Dismissal or termination for cause as director of any corporation covered under SEC Memorandum Circular No. 6, Series of 2009 (or the revised Code of Corporate Governance). The disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity.
- 3.2.6 If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. (Article 3 (2)(iv) of SEC Memorandum Circular No. 6, Series of 2009)
- 3.2.7 Those under preventive suspension.
- 3.2.8 Persons with derogatory records with the National Bureau of Investigation (NBI), court, police, Interpol and monetary authority (central bank) of other countries (for foreign directors and officers) involving violation of any law, rule or regulation of the Government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of a bank officer. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity.
- 3.2.9 If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

B.4 Qualification of Independent Directors (per SEC Memorandum Circular No. 9, Series of 2009)

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

C. Board Meetings and Quorum Requirement

1. 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.
2. 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.
3. To monitor the directors’ compliance with the attendance requirements, the Company shall submit to the SEC, on or before January 30 of the following year, a sworn certification about the directors’ record of attendance in Board meetings. The certification may be submitted through SEC Form 17-C or in a separate filing.

D. Board Committees

The Board of Directors shall constitute various committees to achieve the basic principles of good corporate governance such as, but not limited to, the following:

4. Executive Committee

1.1 Composition

The Executive Committee shall be composed of a Chairman and at least two (2) Members to be elected by the Board of Directors from among themselves.

1.2 Duties and Responsibilities

The Executive Committee shall have the power to act and pass upon such matters as the Board of Directors may entrust to it for action in between meetings of the said Board of Directors. Matters affecting general policy shall always be referred to the Board of Directors for decision.

D.2 Corporate Governance Committee

2.1 Composition

The Corporate Governance Committee shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors. The committee shall have a written charter that describes the duties and responsibilities of its members. This charter shall be approved by the Board of Directors and reviewed and updated at least annually.

2.2 Duties and Responsibilities

- 2.2.1 The Corporate Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities.
- 2.2.2 The committee shall be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines. It shall oversee the periodic performance evaluation of the Board and its committees and executive management; and shall also conduct an annual self-evaluation of its performance.
- 2.2.3 The committee shall also decide whether or not a director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g. competence, candor, attendance, preparedness, and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when directors serve on multiple boards.
- 2.2.4 The committee shall make recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the board members and senior officers, and their remuneration commensurate with corporate and individual performance.
- 2.2.5 The committee shall decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board. Such performance indicators shall address how the Board has enhanced long term shareholder's value.
- 2.2.6 The committee shall monitor compliance of the submission of the Annual Corporate Governance Scorecard on the scope, nature and extent of the actions taken to meet the objectives of the SEC's Revised Code of Corporate Governance.

- 2.2.7 The committee shall be responsible for the amicable resolution of disputes and/or settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including regulatory authorities. (Article 3 (F)(2)(j) of SEC Memorandum Circular No. 6, Series of 2009)

D.3 Compensation Committee

3.1 Composition

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

3.2 Duties and Responsibilities

- 3.2.1 The committee shall establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.
- 3.2.2 It shall designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.
- 3.2.3 The committee shall develop a form of 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.
- 3.2.4 It shall disallow any director to decide his or her own remuneration.
- 3.2.5 It shall provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
- 3.2.6 It shall review (if any) the existing Human Resources Policy Manual or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.
- 3.2.7 Or in the absence of such Personnel Handbook, it shall cause the development of such, covering the same parameters of governance stated above.

D.4 Nomination Committee

4.1 Composition

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

4.2 Duties and Responsibilities

4.2.1 The Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications enumerated under item nos. 2 and 3, respectively, of Section II-B in this manual. It shall also review and evaluate the qualifications of those persons nominated to other positions requiring appointment by the Board of Directors.

4.2.2 In consultation with the executive or management committee/s, it shall re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

4.2.3 The committee shall consider the following guidelines in the determination of the number of directorships of a nominee for the Board:

- i. The nature of the business of the corporations where he is a director;
- ii. Age of the Director;
- iii. Number of directorships/active memberships and officerships in other corporations or organizations; and
- iv. Possible conflict of interest.

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

D.5 Risk Management Committee

5.1 Composition

The Risk Management Committee shall be composed of at least three (3) members of the Board of Directors who shall possess a range of expertise as well as adequate knowledge of the institution's risk exposures to be able to develop appropriate strategies for preventing losses and minimizing the impact of losses when they occur. The committee shall have a written charter that defines the duties and responsibilities of its members. The charter shall be approved by the Board of Directors and reviewed and refined periodically.

5.2 Duties and Responsibilities:

- 5.2.1 In general, the Risk Management Committee shall be responsible for the development and oversight of the institution's risk management program. It shall oversee the system of limits to discretionary authority that the Board delegates to Management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.
- 5.2.2 The core responsibilities of the Risk Management Committee include the following:
- a. Identify and evaluate exposures- The committee shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur and are costly when they happen.
 - b. Develop risk management strategies- The Risk Management Committee shall develop a written plan defining the strategies for managing and controlling major risks. It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real.
 - c. Implement the risk management plan. The Risk Management Committee shall communicate the risk management plan and loss control procedures to affected parties. The committee shall conduct regular discussions on the institution's current risk exposure based on regular management reports and direct concerned units or offices on how to reduce these risks.
 - d. Review and revise the plan as needed. The committee shall evaluate the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. It shall revisit strategies, look for emerging or changing exposures, and stay abreast of developments that affect the likelihood of harm or loss. The committee shall report regularly to the Board of Directors and entity's over-all risk exposure, actions taken to reduce the risks, and recommend further action or plans as necessary.

D.6 Audit Committee

6.1 Composition

The Audit Committee shall be composed of at least three (3) members of the Board of Directors, at least two (2) of whom shall be independent directors, including the Chairman, preferably with accounting, auditing or related financial management expertise or experience.

Upon setting up the Audit Committee, the Board of Directors shall draw up a written charter or terms of reference which clearly sets out the Audit Committee's authority and duties, as well as the reporting relationship with the Board of Directors. This charter shall be approved by the Board of Directors and reviewed and updated periodically.

6.2 Duties and Responsibilities

The core responsibilities of the Audit Committee include the following:

- 6.2.1 Assist the Board in the performance of its oversight responsibility for the Company's financial reporting process, system of internal control, internal and external audit process, and monitoring of compliance with applicable laws, rules, and regulations.
- 6.2.2 Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and management activities.
- 6.2.3 Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
- 6.2.4 Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it.
- 6.2.5 Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- 6.2.6 Set up an internal audit department/division and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.
- 6.2.7 Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting, operational and compliance controls, risk management, and information technology security at least annually.
- 6.2.8 Review the reports submitted by the internal and external auditors.
- 6.2.9 Review quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - a. any change/s in accounting policies and practices;
 - b. major judgmental areas;
 - c. significant adjustments resulting from the audit;
 - d. going concern assumptions;
 - e. compliance with accounting standards;
 - f. compliance with tax, legal and regulatory requirements.
- 6.2.10 Coordinate, monitor and facilitate compliance laws, rules and regulations.

- 6.2.11 Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.
- 6.2.12 Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.
- 6.2.13 **For the Philippine branches or subsidiaries of foreign corporation covered by this Code, the internal auditor should be independent of the Philippine operations and should report to the regional or corporate headquarters.**

D.7 The Corporate Secretary

- 7.1 The Corporate Secretary is an officer of the company. Perfection in performance and no surprises are expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.
- 7.2 The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines.
- 7.3 Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities. He must also have some financial and accounting skills.
- 7.4 Duties and Responsibilities
 - 7.4.1 Responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board as well as the other official documents, records and other information essential to the conduct of his duties and responsibilities to the Company.
 - 7.4.2 Inform the members of the Board of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
 - 7.4.3 Serve as an adviser of the Board, and assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.
 - 7.4.4 Work fairly and objectively with the Board, Management and stockholders **and other stakeholders.**
 - 7.4.5 Have a working knowledge of the operations of the Company.

- 7.4.6 Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so, and maintain record of the same.
- 7.4.7 Submit to the Securities and Exchange Commission (SEC), on or before January 30 of the following year, an annual sworn certification as to the attendance of the directors during Board meetings. The certification may be submitted through SEC Form 17-C or in a separate filing.
- 7.4.8 In all transactions which may lawfully come to the knowledge of the Corporate Secretary involving transfer of voting shares of stock or registration of voting trust agreements, or any form of agreement vesting the right to vote the voting shares of stock of the Company, the Corporate Secretary shall :
- a) Ascertain the identity and citizenship of the transferee, voting trustee, proxy or person vested with the right to vote, and his relation to existing stockholders, and for this purpose, he should require the transferee, voting trustee, proxy or the person vested with the right to vote to submit proof of citizenship, which may consist, in case of a corporation, of a certified true copy of the Article of Incorporation, accompanied by the affidavit of the Corporate Secretary of the corporation, certifying the correctness and accuracy of the list of stockholders, their citizenship, and the percentage of shares owned by them.
 - b) Require the transferee, voting trustee, proxy or person vested with the right to vote, at the time of the receipt of the request for transfer or registration, or at any time thereafter, to disclose all information with respect to persons related to the transferee, voting trustee, proxy or, person vested with the right to vote, within the fourth degree of consanguinity or affinity, whether legitimate, illegitimate or common-law, as well as corporations, partnerships or associations where the transferee, voting trustee, proxy or person vested with the right to vote have controlling interest, and the extent thereof.
 - c) Require the transferee to execute an affidavit stating, among other things, that the transferee is a bona fide owner of shares of stock and that he acknowledges full awareness of the requirements of the law and the prohibitions against exceeding ownership of voting stocks beyond the prescribed limitations.
 - d) If the request for transfer or the arrangement sought to be registered will patently cause the voting stocks of a person or a corporation, to exceed the limits prescribed by law, the Corporate Secretary shall deny the transfer or registration and forthwith inform the parties to the transaction in writing. Simultaneous with the notice to the parties, the Corporate Secretary shall submit a written report to the applicable governing body or agency of the attempted illegal transfer or arrangements, together with the names, address of parties and other pertinent data with respect to the particular stock transaction.

In the event the Corporate Secretary has reason to doubt the legality of the transfer or of the arrangement sought to be registered, he may commence an action before the appropriate body.

- e) Promptly inform stockholders who have reached any of the ceilings imposed by the law, of their ineligibility to own or control more than the applicable ceiling.

7.4.9 Ensure that all Board procedures, rules and regulations are strictly followed by the members. (Article 3(L)(ix) of SEC Memorandum Circular No. 6, Series of 2009)

E. Remuneration of the Members of the Board and Officers

1. The Company should avoid paying more than what is necessary for purposes of running the Company successfully.
2. A proportion of the executive directors' remuneration should be structured so as to link reward to corporate and individual performance.
3. The Company should 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. No director should be involved in deciding his/her own remuneration.
4. The Company's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly and indirectly, to its directors and top four (4) management officers during the preceding fiscal year.
5. Directors' Fees

A per diem, as may be determined from time to time by stockholders owning or representing a majority of the subscribed capital stock at any regular or special meeting, shall be paid to each director for attendance at any meeting of the Board of Directors for each day of session; provided, however, that nothing herein contained shall be construed to preclude any director from serving in any other capacity and receiving compensation thereof.

6. To protect the funds of the Company, the SEC may, in exceptional cases, e.g., when the Company is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees, and fringe benefits to its directors and officers.

F. Officers

The selection of the Company's Officers shall be in accordance with the qualifications and disqualifications set by the SEC and PSE regulations.

3. Compliance Program

Policy

The Company shall have in place adequate and effective controls encompassing the Company's governance, operations, information systems (including reliability and integrity of financial and operational information). To ensure adherence to the said corporate governance/principles, a compliance program must be clearly defined/set to further identify, monitor and control compliance and operational risks.

Implementing Guidelines

A. Compliance Office

A.1 Compliance Officer

- 1.1 To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent and shall report directly to the Chairman of the Board. The Compliance Officer he/she will head should, like the Internal Audit, have free and full access to records, and be independent.

Relative thereto, the appointment/designation of a Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondences relative to his/her functions as such shall be addressed to the said Officer.

- 1.2 The Compliance Officer shall perform the following duties:

- 1.2.1 Monitor compliance with the provisions and requirements of this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of the appropriate disciplinary action of the responsible parties and the adoption of measures to prevent a repetition of the violation.
- 1.2.2 Identify, monitor and control compliance risks.
- 1.2.3 Appear before the Securities and Exchange Commission when summoned in relation to compliance with the Revised Code of Corporate Governance.
- 1.2.4 Issue a certification every January 30th of the year on the extent of the Company's compliance with this Manual and the Revised Code of Corporate Governance for the completed year and, if there are any deviations, explain the reason/s for such deviations.

B. Accountability and Audit

1. The Board is primarily accountable to the stockholders who should be provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.
2. Management shall provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.
3. Management should formulate rules and procedures on financial reporting and internal control in accordance with the following:
 - 3.1 The extent of Management's responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained.
 - 3.2 An effective internal control system that will ensure the integrity of the financial reports and protection of the assets of the Company **for the benefit of all stockholders and other stakeholders.**
 - 3.3 The Company should consistently comply with the financial reporting requirements of the SEC.
4. Internal Auditor
 - 4.1 The Company shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.
 - 4.2 The Internal Auditor shall report to the Audit Committee.
 - 4.3 The minimum internal control mechanisms for Management's operational responsibility shall center on the CEO, being ultimately accountable for the Company's organizational and procedural controls.
 - 4.4 The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors:
 - 4.4.1 the nature and complexity of business and the business culture;
 - 4.4.2 the volume, size and complexity of transactions;
 - 4.4.3 the degree of risk;
 - 4.4.4 the degree of centralization and delegation of authority;
 - 4.4.5 the extent and effectiveness of information technology; and

4.4.6 the extent of regulatory compliance.

4.5 The internal audit examinations should cover at least the following:

4.5.1 the evaluation of the adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems (including the reliability and integrity of financial and operational information);

4.5.2 effectiveness and efficiency of operations;

4.5.3 safeguarding of assets; and

4.5.4 compliance with laws, rules, regulations and contracts.

4.6 The status reports shall summarize recommendations, officers responsible and implementation dates.

4.7 The internal auditors shall have free and full access to all the Company's records, properties, and personnel relevant to the internal audit activity.

4.8 The Head of Internal Audit shall submit to the Audit Committee and Senior Management an annual report on the Internal Audit Division's activities, purpose, authority, responsibility, and performance relative to audit plans and strategies approved by the Audit Committee. The annual report should include significant risk exposure, control issues and such other matters as may be needed or requested by the Board and Management.

4.9 The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

5. External Auditor

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

5.2 The external auditor shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

5.3 The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Company's annual and current reports. The report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure. A preliminary copy of the said report shall be given by the Company to the external auditor before its submission.

- 5.4 The external auditor of the Company shall not, at the same time, provide internal audit services to the Company. The Company shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
- 5.5 The Company's external auditor shall be rotated, or the signing partner of the external auditor assigned to the Company shall be changed, every five (5) years or earlier.
- 5.6 If an external auditor believes that the statements made in the Company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views on the matter in the said reports.

C. Management

C.1 Senior Management Committee

1.1 Composition

The Senior Management Committee shall be composed of group of officers. This group should include also the Chief Financial Officer, all Group Heads and the Head of Internal Audit.

1.2 Functions of the Senior Management

- 1.2.1 Plan, organize and direct in such manner to provide reasonable assurance that established objectives and goals will be achieved.
- 1.2.2 Require the establishment and effective implementation of a system of internal control to mitigate the risk identified.
- 1.2.3 Review and approve all cross-functional policies and issues (e.g. HR-related, administrative, operations policies, new products and services, new projects, financial, etc.) including programs/projects that affect the whole organization.
- 1.2.4 Supply necessary or relevant information to the Board for the latter's information and/or decision-making purposes.

C.2 Code of Conduct

- 2.1 The Company must set a Code of Conduct and personnel policies to be strictly observed and followed by all associates. The said policies should form part of the Associate's Handbook which copy should be distributed to all associates for their information. Any updates therein must be also disseminated. This handbook should be with the associates for the duration of their stay in the Company.
- 2.2 Each officer and employee of the Company holds a position of trust. Thus, officers and employees must avoid situations where their personal interest may conflict or appears to conflict with the interest of the Company or its clients. In addition, officers and employees must have an obligation to the Company and the public on the proper and responsible handling of confidential information.

C.3 Strategy Setting and Planning

- 3.1 The Company has an overall organizational plan, which is supported by a business plan, budgets and marketing plan (if necessary).
- 3.2 It has clear defined performance measures (operational and financial) that are incorporated into the plans.
- 3.3 The Board approves the budget set by the management and revisions thereto.

C.4 Financial and Operational Reporting

- 4.1 The Company's financial and operational reports should contain performance measures; enable the efficiency and effectiveness of the organization to be assessed. The Company should ensure the set-up of control measures in the handling of such reports.
- 4.2 The reports should be prepared depending on the particular levels of responsibilities and should :
 - 4.2.1 Efficiently and effectively communicate key financial data;
 - 4.2.2 Show a comparison between year-to-date budget, last year-to-date and full year data;
 - 4.2.3 be supported with explanations of significant variations

Note: The Board should be provided with a copy of the financial reports prior to the Board meetings. However, the Chief Executive Officer should be provided with a periodic financial report showing at least the monthly status.

D. Communication Process

1. This manual shall be available for the inspection by any stockholder of the Company at reasonable hours on business days.
2. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

E. Training Process

1. A newly appointed director shall be required to attend a special seminar on corporate governance to be conducted by a duly recognized private or government institution duly accredited by the Securities and Exchange Commission within six (6) months after appointment. However, there should be an established professional development program for employees and officers and a succession plan for senior management.



2. If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to implement this Manual.

F. Disclosure and Transparency

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

1. Disclosure System of the Company's Corporate Governance Policies

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

1.1 All material information about the Company, i.e., anything that could adversely affect share price, shall be publicly disclosed. Such information shall include, among others, earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of directors and changes to ownership, and such material events or information as determined by the SEC.

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

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

1.4 The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of ***its stockholders and other stakeholders*** should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

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

G. Stockholders' Rights and Protection of Minority Stockholders' Interests

The Board shall respect the rights of the stockholders as provided for in the Corporation Code; namely:

1. Right to vote on all matters that requires their consent or approval;
2. Pre-emptive right to all stock issuances of the Company;
3. Right to inspect the books and records of the Company;
4. Right to information;
5. Right to dividends; and
6. Appraisal right.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

G.1 Voting Right

- 1.1 The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders should be encouraged to personally attend such meetings.
- 1.2 In case the stockholders cannot attend the annual and special stockholders' meetings, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholders' favor.
- 1.3 The Board should take the appropriate steps to remove excessive costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.
- 1.4 Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- 1.5 Cumulative voting shall be used in the election of directors.
- 1.6 A director shall not be removed without cause if it shall deny minority stockholders representation in the Board.

G.2 Pre-emptive Right

All stockholders shall have pre-emptive rights, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Company. The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

G.3 Right to Inspection

All stockholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

G.4 Right to Information

- 4.1 The stockholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- 4.2 The minority stockholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- 4.3 The minority stockholders 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 stockholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

G.5 Right to Dividends

The Company shall declare dividends in accordance with the requirements of the SEC.

G.6 Appraisal Right

The stockholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
3. In case of merger or consolidation.

G.7 Grievance Procedure

The stockholder may file his/her complaints in writing and submit the same to the Corporate Secretary for purposes of endorsement to the Corporate Governance Committee.

G.8 Disclosure of Material Non-Public Information

The Company is prohibited to communicate material non-public information to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Philippine Stock Exchange (PSE). However, this rule shall not apply if the disclosure is made to the following:

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

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

H. Monitoring and Assessment

1. Each committee shall report regularly to the Board of Directors.
2. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalties provided under Section I.
3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Company's annual report (SEC Form 17-A). The adoption of such performance evaluation system must be covered by a Board approval.
4. This Manual shall be subject to annual review unless the same frequency is amended by the Board.
5. All business processes and practices being performed within the Company that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

I. Regular Review of the Code and the Scorecard

To monitor Company's compliance with the SEC's Revised Code of Corporate Governance as implemented by this Manual, the Company, through its Compliance Office, shall accomplish annually a scorecard on the scope, nature, and extent of the actions taken to meet the objectives of SEC Code.

J. Sanctions

J.1 Imposition of Penalties

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 provisions of this Manual:



1.1 Non-compliance with any of the provisions in this Manual shall subject erring associate/s to sanctions as provided for under the following sections of the Company's Human Resources Policy Manual:

- 1.1.1 Jurisdiction Over Administrative Disciplinary Actions
- 1.1.2 Code of Discipline

1.2 It shall be the duty of the Compliance Officer to determine any violation of the principles and best practices contained in this Manual through notice and hearing.

1.3 The Compliance Officer shall likewise recommend to the Chairman of the Board the penalty to be imposed for such violation. The said recommendation shall be further reviewed and approved by the Board of Directors.

K. Commitment to Good Corporate Governance

All covered corporations shall establish and implement their corporate governance manual that can be used as reference by the members of the Board and Management. The manual should be submitted to the Securities and Exchange Commission for its evaluation within one hundred eighty (180) business days from the date this Code become effective to enable the Commission to determine its compliance with this Code taking into consideration the nature, size and scope of the business of the corporation; provided, however, that corporations that have earlier submitted their manual may, at their option, continue the use that said manual as long it complies with the provisions of this Code.

The manual shall be made available for inspection by any shareholder at reasonable hours on business days.