

MANUAL ON CORPORATE GOVERNANCE

Approved by the Board of Directors of North Star Meat Merchants, Inc.
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DEFINITION OF TERMS

<i>Corporate Governance</i>	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 of Directors 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.
<i>Board of Directors or Board</i>	the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties
<i>Exchange</i>	an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities
<i>Management</i>	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
<i>Independent director</i>	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
<i>Executive director</i>	a director who has executive responsibility of day-to-day operations of a part or the whole of the organization
<i>Non-executive director</i>	a director who has no executive responsibility and does not perform any work related to the operations of the corporation
<i>Internal control</i>	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
<i>Internal Audit</i>	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
<i>Internal Audit Department</i>	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

<i>Internal Auditor</i>	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.
<i>Enterprise Risk Management</i>	a process, effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed 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
<i>Related Party Transactions</i>	a transfer of resources, services or obligations between the Company 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.
<i>Stakeholders</i>	any individual, organization or society at large who can either affect and/or be 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

RULES OF INTERPRETATION

- A. All references to the masculine gender in this Manual shall likewise cover the feminine gender.
- B. All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the corporation.

MANUAL ON CORPORATE GOVERNANCE

THE BOARD'S GOVERNANCE RESPONSIBILITIES

I. Establishing a Competent Board

NORTH STAR MEAT MERCHANTS INC. (the "Company") is headed by a competent, working Board of Directors (the "Board") 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.

The Board comprises of directors with a collective working knowledge, experience or expertise that is relevant to the Company's industry/sector. The Board always ensures that it has an appropriate mix of competence and expertise and that the directors 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.

A. Composition of the Board

1. The Board shall be composed of at least five (5), but not more than fifteen (15) members, who shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until successors are elected and qualified.
2. The Board shall have at least two (2) independent directors or such number of independent directors that constitutes one-third (1/3) of the members of the Board, whichever is higher.
3. The Board shall 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.

B. Training

The Company shall conduct an orientation program for first-time directors to ensure that they are appropriately apprised of their duties and responsibilities, before beginning their directorships; and relevant annual continuing training for all incumbent directors which will promote an effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities.

C. Board Diversity

The Company encourages diversity in its Board, which may refer to distinctions in age, ethnicity, culture, skills, competence, knowledge, gender, among other things. A diverse Board promotes different perspectives and ideas and mitigates groupthink to achieve optimal decision-making.

D. The Corporate Secretary

1. The Board, at all times, is assisted in its duties by a Corporate Secretary, who is a separate individual from the Compliance Officer. He must be a Filipino citizen and a resident of the Philippines, and should have appropriate administrative and interpersonal skills.

2. The Corporate Secretary should annually attend a training on corporate governance and shall likewise be apprised of his duties and responsibilities through continuing training.
3. The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company 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 Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
 - b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Company;
 - c. Have working knowledge of the operations of the Company and keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, 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 meetings at least two 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;
 - j. Ensures that all Board procedures, rules, and regulations are strictly followed by the members; and
 - k. Performs such other duties and responsibilities as may be provided by the Commission.

E. The Compliance Officer

1. The Board should ensure that it is assisted in its duties by a Compliance Officer, with adequate stature and authority in the Company, who shall report directly to the Chairman. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.

2. The Compliance Officer is a member of the Company's management team in charge of the compliance function. Similar to the Corporate Secretary, he/she is primarily liable to the Company and its shareholders, and not to the Chairman or President of the Company. He/she 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 Company, its officers and directors with the relevant laws, this Manual, rules and regulations and all governance issuances of regulatory agencies;
 - c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action and the adoption of measures to prevent a repetition of the violation;
 - 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 Manual;
 - 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 Commission.

II. Establishing Clear Roles and Responsibilities of the Board

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders and other stakeholders.

1. The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders.
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.
3. The Board should be headed by a competent and qualified Chairman.
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 management succession and to promote dynamism in the Company.

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.

A. The President and Chairman of the Board

The roles of Chairman and President should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and President upon their election.

The Chairman in relation to the Board shall be the facilitator of all meetings and shall ensure that said meetings are held in accordance with the By-Laws or as he may deem necessary. He shall, in coordination with the Corporate Secretary and taking into consideration the suggestions of the President, Management and the directors, make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations and shall guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions. The Chairman shall assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors and make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

B. Nomination and Succession

The Board should have a 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 a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the Company.

For Executive and Non-executive Directors:

The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.

For Independent Directors:

1. The Company shall have such number of independent directors as may be required by law or regulation.
2. The nomination of the independent director shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
3. After the nomination, the Nomination Committee shall prepare a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Company is required to submit to the Commission.

4. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.
5. The specific slot for independent directors shall not be filled-up by unqualified nominees.
6. In case of failure of election for the independent director, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

C. Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Revised Corporation Code, Securities Regulation Code, and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

1. College education or equivalent academic degree;
2. Practical understanding of the business of the Company;
3. Membership in good standing in relevant industry, business, or professional organizations; and
4. Previous business experience.

D. Disqualification of Directors

Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

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; (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;
2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (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;
3. Any 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 Revised 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;

4. 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;
5. 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 Revised Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
6. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
7. Any person judicially declared as insolvent;
8. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (1) to (5) above;
9. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code committed within five (5) years prior to the date of his election or appointment;
10. Other grounds as the Commission may provide.

Temporary Disqualification

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

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;
2. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
3. Dismissal or termination for cause as director of any corporation covered by the Revised Corporation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
4. If the beneficial equity ownership of an independent director in the Company or

its subsidiaries and affiliates exceed two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;

5. 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.

E. Responsibilities, Duties and Functions of the Board

General Responsibility

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

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.

Duties and Functions

To ensure a high standard of best practice for the corporation and its stockholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

1. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly motivated management officers. Adopt an effective succession planning program for Management.
2. Provide sound strategic policies and guidelines 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.
3. Ensure the Company's faithful compliance with all applicable laws, regulations and best business practices.
4. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the Company's Chief Executive Officer or Chief Financial Officer shall exercise oversight responsibility over this program.
5. Identify the sectors in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
6. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness.

7. Identify key risk areas and 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.
8. Formulate and implement policies and procedures that would ensure the integrity and transparency of Related Party Transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
9. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
10. Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, third parties, including the regulatory authorities.
11. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.
12. Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
13. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

F. Specific Duties and Responsibilities of a Director

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

A director should observe the following norms of conduct:

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

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

2. *Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.*

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

3. *Act judiciously.*

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

4. *Exercise independent judgment.*

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the corporation.

5. *Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.*

A director should also keep abreast with industry developments and business trends in order to promote the Company's competitiveness.

6. *Observe confidentiality.*

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

G. Adequate and Timely Information

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.

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

H. Internal Control Responsibilities of the Board

The control environment of the Company consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

1. The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:
 - a. Definition of the duties and responsibilities of the President and CEO who is ultimately accountable for the Company's organizational and operational controls;
 - b. Selection of the person who possesses the ability, integrity and expertise essential for the position of President and CEO;
 - c. Evaluation of proposed senior management appointments;
 - d. Selection and appointment of qualified and competent management officers; and
 - e. Review of the Company's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
2. The scope and particulars of the systems of effective organizational and operational controls may differ among corporations depending on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
3. The Company shall establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing and shall 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 said standards.

The Internal Auditor shall submit to the Audit Committee and Management an annual report on the Internal Audit Department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report shall include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management.

I. Board Meetings and Quorum Requirement

The members of the Board should attend its regular and special meetings in person or through teleconferencing, or through videoconferencing conducted in accordance with the rules and regulations of the Commission. At any meeting of the Board, majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of business, and every decision of at least a majority of the directors present shall be valid as a corporate act.

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

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

J. Remuneration of Directors and Officers

The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

The Company may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.

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 or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

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

III. Establishing Board Committees

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

A. The Executive Committee

The Executive Committee shall consist of at least (3) members of the Board. Members of the Committee shall be appointed by the Board, who shall also appoint a Committee Chairperson and Committee Secretary. In accordance with this, members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board.

The Executive Committee's primary purpose is to function when the Board is not in session. The Committee shall have all the power and authority of the Board in the governance, management and direction of the business and affairs of the Company except for those matters expressly provided for in Section 35 of the Revised Corporation Code, the Company's By-Laws and other pertinent laws, rules or regulations.

The Executive Committee shall have the following duties and responsibilities:

- a. Assist the Board in overseeing the implementation of strategies and sustaining the Company's long-term success and competitiveness in a manner consistent with its mission/ vision;
- b. Review of major issues facing the organization;
- c. Monitor the operating activities of each business group;
- d. Define and monitor the Company's performance improvement goals;
- e. Define group-wide policies and actions and overseeing their implementation;
- f. Foster the sharing of information in all areas of the business group; and
- g. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

B. The Audit Committee

The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:

- a. 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 risk management activities;
- b. Recommends the approval the Internal Audit (IA) Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- c. Through the IA Department, monitors and evaluates the adequacy and effectiveness of the Company's 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 information technology security, and (d) ensure compliance with applicable laws and regulations;
- d. Oversees the IA 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;
- e. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, the Internal Auditor should directly report to the Audit Committee;
- f. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- g. 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;

- h. 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;
- i. 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 Company'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 Company's Annual Report and Annual Corporate Governance Report;
- j. 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 adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- k. Reviews the disposition of the recommendations in the External Auditor's management letter;
- l. Performs oversight functions over the Company's Internal and External Auditors, including the review of reports submitted by them. 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;
- m. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- n. 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 Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.

C. Nomination Committee

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

The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and shall assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

D. Compensation and Personnel Committee

The Compensation and Personnel Committee shall consist of at least three (3) directors, one of whom shall be an independent director.

The Compensation and Personnel Committee shall establish a formal and transparent procedure for developing a policy for remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy, and the business environment in which it operates.

E. The Board may also organize the following committees:

- a. A Corporate Governance Committee that should be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, all of whom should be independent directors, including the Chairman thereof.
- b. A separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman thereof. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.
- c. A Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.

IV. 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.

The directors should attend and actively participate in all meetings of the Board, Committees, and Shareholders, 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 Committee meetings, the director should review meeting materials and, if called for, ask the necessary questions or seek clarifications and explanations.

Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorship that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The Chief Executive Officer (CEO) and other directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

V. Reinforcing Board Independence

The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.

A. Independent Directors

Independent Directors shall hold no interests or relationships with the Company that may hinder their independence from the Company or Management or interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The presence of independent directors in the Board is to ensure the exercise of independent judgment on corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balancing of competing demands of the Company.

The Board's independent directors should serve for a maximum term of nine years, whether cumulative or intermittent, provided that the total years served does not exceed the nine-year term limit. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the 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.

Qualifications of an Independent Director:

- a. Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
- b. Is not, and has not been in the three (3) years immediately preceding the election, a director of the Company; a director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies;
- c. Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, 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 Company, its subsidiaries, associates, affiliates or related companies;
- e. Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include 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 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 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 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 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 Company's executives serve as directors.
- l. Possesses the necessary qualifications and none of the disqualifications for an independent director to hold the position.

B. Chief Executive Officer (CEO)

The positions of Chairman of the Board and CEO may be held by separate individuals and each shall have clearly defined responsibilities.

Minimum internal control mechanisms for Management's operation responsibility shall center on the CEO, being ultimately accountable for the Company's organizational and procedural controls. In addition to the duties imposed on the CEO by the Board, and those duties and responsibilities provided by the Corporation's By-Laws, the CEO shall:

- a. Determine the Company's strategic direction and formulate and implement its strategic plan on the direction of the business;
- b. Communicate and implement the Company's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
- c. Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan;
- d. Have a good working knowledge of the Company's industry and market and keep up-to-date with its core business purpose;
- e. Direct, evaluate and guide the work of the key officers of the Company;
- f. Manage the Company's resources prudently and ensure a proper balance of the same;
- g. Provide the Board with timely information and interface between the Board and the employees;
- h. Build the corporate culture and motivate the employees of the Company;
- i. Serve as the link between internal operations and external Stakeholders;
- j. See that all orders and resolutions of the Board are carried into effect;
- k. Submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the Company for the preceding year, and the state of its affairs;
- l. Report to the Board from time to time all matters within his knowledge which in the interest of the Company may require to be brought to the Board's notice; and
- m. Perform such other responsibilities as the Board may impose.

VI. 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.

1. The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. The self-assessment must also measure the performance of the Board and Management in

accordance with the criteria provided for in this Manual. Every three (3) years, the assessment should be supported by an external facilitator.

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, committees and such system should allow for a feedback mechanism from the shareholders.

VII. Strengthening Board Ethics

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

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.
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

VIII. Enhancing Company Disclosure Policies and Procedures

The Company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations. In view thereof, the Company shall publicly and timely disclose all material information which could affect its viability or the interests of the stockholders. To attain these objectives -

1. The Board should 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, including but not limited to, earnings results and off balance sheet transactions.
2. The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days.
3. The Board should 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.
4. The Company should provide a clear disclosure of its policies and procedure for setting Board and executive direct and indirect remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Also, the Company should disclose the remuneration on an individual basis, including termination and retirement provisions.

5. The Company should disclose its policies governing Related Party Transactions and other unusual or infrequently occurring transactions. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.
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 should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.
7. The Company's corporate governance policies, programs and procedures should be submitted to the regulators and posted on the Company's website.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

IX. Strengthening the External Auditor's Independence and Improving Audit Quality

The Company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

The Audit Committee should have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor duly accredited by the Commission. The external auditor shall undertake an independent audit of the Company and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Company. The external auditor or the signing partner of the external auditing firm assigned to the Company should be rotated or changed every five (5) years or earlier.

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 resignation, removal, or cessation of the performance of services of the external auditor, the reasons therefor and the date of effectivity of such action should be disclosed to the regulators and the public through the Company's website and required disclosures. The report shall include a discussion of any disagreement between the external auditor and the Company on accounting principles or practices, financial disclosures, or audit procedures which the former and the Corporation failed to resolve satisfactorily. A preliminary copy of said report shall be given to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement, or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

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

Non-audit work may be given the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence. The Company should disclose the nature of non-audit services performed by its external auditor 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.

X. Increasing Focus on Non-Financial and Sustainability Reporting

The Company ensures that the material and reportable non-financial and sustainability issues are disclosed. The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.

XI. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information

The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information to its shareholders and other investors. This channel is crucial for timely and informed decision-making by investors, stakeholders and other interested users. These shall include, but not limited to, Company's website, media and analyst briefings.

XII. 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. The Company shall observe the following:

1. The Company shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.
2. The Company shall 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 following are the functions of the internal audit, 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.
3. The Company shall have an Audit Head or its equivalent position who shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity. The following are the responsibilities of the Chief Audit Executive, among others:
- a. Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;
 - b. Establishes a 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. Spearheads 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.

Enterprise Management System

The Company shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:

1. Defining a risk management strategy;
2. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
3. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;
4. Establishing a risk register with clearly defined, prioritized and residual risks;
5. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;
6. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
7. Monitoring and evaluating the effectiveness of the organization's risk management processes.

Chief Risk Officer (CRO)

In managing the Company's Risk Management System, the Company shall have a Risk Officer-in-Charge who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a company's size, risk profile and complexity of operations. The CRO has the following functions, among others:

1. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
2. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
3. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
4. 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. There should be clear communication between the Board Risk Oversight Committee and the CRO.

CULTIVATING A SYNERGISTIC RELATIONSHIP WITH SHAREHOLDERS

XIII. Promoting Shareholder Rights

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

It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. 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. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings. In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of said right shall not be unduly restricted, and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information within the period prescribed by law.

The Board shall encourage active shareholder participation by making the result 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 shall be available on the Company's website within five (5) business days from the end of the meeting.

The Board shall commit to respect the following rights of the stockholders:

1. Voting Rights on all matters that require their consent or approval;
2. Pre-emptive Right;
3. Right of Inspection;
4. Right to Information;
5. Right to Dividends and Dividend Policy; and
6. Appraisal Right.

Minority stockholders shall be given the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.

It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.

The Company shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.

DUTIES TO STAKEHOLDERS

XIV. Accountability and Audit

The Board is primarily accountable to the stockholders. It shall thus provide them 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. In view of the foregoing, Management shall provide all members of the Board with accurate and timely information that would enable the Board to comply with such duty.

Management shall formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance the following guidelines:

1. The extent of its 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;
2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained;
3. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations, and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations;
4. The Company should consistently comply with the financial reporting requirements of the Commission.

XV. Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's 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.

1. The Board should identify the Company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.
2. The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of Stakeholders.
3. The Board should adopt a transparent framework and process that allow Stakeholders to communicate with the company and to obtain redress for the violation of their rights.

XVI. Encouraging Employees' Participation

A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

1. The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.
2. The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the Company's culture.
3. The Board should 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.

XVII. Encouraging Sustainability and Social Responsibility

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

The Company should 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.

XVIII. Effectivity

This Manual on Corporate Governance is hereby approved for implementation by the Board of Directors of the Company on March 11, 2022 in Quezon City.


ANTHONY MARK O. NG
*Chairman of the Board
President / CEO*

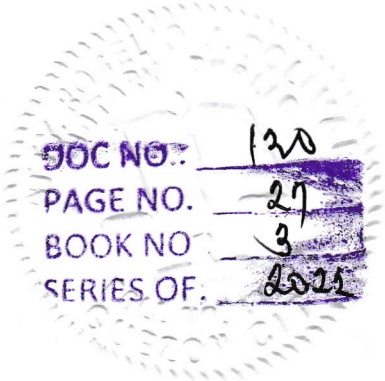

MIGUEL FERRALD I. TAN, JR.
Director / Treasurer / CFO



RHYZA L. VILLAROSA
*Director / Comptroller/
Corporate Secretary*


MIGUEL G. TAN
Director


ELISON L. TAN
Independent Director

SUBSCRIBED AND SWORN
TO BEFORE ME THIS **MAR 14 2022**
AT QUEZON CITY, PHILIPPINES




ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Matter no. 204 June 21, 2021 to Dec. 31, 2022
IBP O. R. No. 132134 MD 2021 & IBP O.R. No. 133076 MD 2022
PTR O.R. No. 244325 D 1/3/22 Roll No. 33882 / TIN# 129-871-069
MCLE No. VI-0029583 valid from 12/16/19 valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.