HI
HOUSE OF INVESTMENTS, INC.
A YGC Member

9TH Floor, Grepalife Bldg., 221 Sen. Gil Puyat Ave., Makati City

June 2, 2021

PHILIPPINE STOCK EXCHANGE
6TH Floor, PSE Tower
5th Avenue, Corner 28th Street
Bonifacio Global City, Taguig City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Gentlemen:

In compliance with the disclosure requirements of the Exchange, I am submitting herewith a copy of the Company's Revised Manual on Corporate Governance (2021).

Thank you.

Very truly yours,

ATTY. LALAINE P. MONSERATE
Legal and Compliance Officer

HI

HOUSE OF INVESTMENTS, INC.

A YGC Member

REVISED MANUAL ON CORPORATE GOVERNANCE

(2021)

HOUSE OF INVESTMENTS, INC.
REVISED MANUAL ON CORPORATE GOVERNANCE

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HOUSE OF INVESTMENTS, INC.
REVISED MANUAL ON CORPORATE GOVERNANCE
(In Compliance with SEC Memorandum Circular No. 19 Series of 2016)

I. Introduction

House of Investments, 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:

a. 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.

b. Accountability involves providing adequate incentives and instilling in the business environment the discipline to act in the best interest of the company.

c. Fairness / equity implies that the rights of all concerned parties are protected. Directors shall 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:

a. 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.

b. on human resource development and personnel development system based on accountability, checks and balances, and a corporate Code of Ethics.

c. on promotion of good reputation of the Company in dealings with customers, suppliers and other parties that transact business with the Company.

d. on sustainability program of corporate social responsibility that enhances the good image of the Company before the general public.

II. 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 shall guide all relations with the Company's major and other stakeholders and with the general public.

Definition of Terms -

a. *Corporate Governance* - the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and Senior Management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society. Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

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* – 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;

e. *Independent Director* - a person who is independent of management and the controlling shareholders, 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;

f. *Executive Director* – a director who has executive responsibility of day-to-day operations of a part or the whole of the organization;

g. *Non-Executive Director* - a director who has no executive responsibility and does not perform any work related to the operations of the corporation;

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* - 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 management information; and compliance with applicable laws, regulations, and the organization's policies and procedures;

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. *Enterprise Risk Management* – a process effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is 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;

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

m. *Related-Party Transactions* – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It shall 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;

n. *Stakeholders* – 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.

III. Implementing Guidelines

A. Board Governance

The Board of Directors (the "Board") is primarily responsible for the governance of the corporation. The Board shall be composed of Directors with collective working knowledge, experience and expertise that is relevant to the company's industry/sector. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions, individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

Composition of the Board

1. The Board shall be composed of at least five (5) but not more than fifteen (15) members who are elected by the stockholders. It shall have at least three independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.

2. 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.

3. The Board may designate, as necessary, a lead director among the independent directors.

4. In consonance with the policy on board diversity, the Company will strive to have at least one (1) woman independent director to sit in the Board.

B. Multiple 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 diligently and efficiently perform their duties and responsibilities to the boards they serve shall not be compromised.

C. The Chairperson and the Chief Executive Officer (CEO)

1. The Chairperson and the Chief Executive Officer (CEO)

The positions of the Chairperson and CEO shall be held by separate individuals to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chairperson and CEO upon their election.

2. The Chairperson shall have the following duties and responsibilities, among others:

a. 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.

b. Ensures active participation and sufficiently deep professional involvement of all members of the Board of Directors.

c. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.

d. Guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions.

e. Facilitates discussion on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors.

f. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management.

g. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors.

h. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

i. Supervises 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.

j. Maintains qualitative and timely lines of communication and information between the board and Management.

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.

4) The CEO shall have the following roles and responsibilities, among others:

a. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business.

b. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same.

c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan.

d. Possesses a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose.

e. Directs, evaluates and guides the work of the key officers of the corporation;

f. Manages the corporation's resources prudently and ensures a proper balance of the same.

g. Provides the Board with timely information and interfaces between the Board and employees;

h. Builds the corporate culture and motivates the employees of the corporation,

i. Serves as the link between internal operations and external stakeholders, and

j. Shall 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.

D. Qualification of Directors

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

1. He shall own at least one (1) share of the capital stock of the Company;
2. He shall be at least a college graduate or have an equivalent academic degree;
3. He shall have a practical understanding of the business of the Company;
4. He must be a member in good standing in relevant industry, business or professional organization;
5. He must have previous business experience;
6. For first-time directors, he must have undergone orientation programs of at least 8 hours and for all other directors, relevant annual continuing training of at least four (4) hours.

Qualification of Independent Directors:

An Independent Director refers to a person who, ideally:

1. Is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company;

2. Is not, and has not been in the three years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;

3. Has not been appointed in the covered 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;

4. Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;

5. Is not a relative of a director, officer, or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

6. Is not acting as a nominee or representative of any director of the covered company or any of its related companies;

7. 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-dealer;

8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

9. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

10. Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and

11. Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

E. Disqualification of Directors

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

1. Permanent Disqualification

The following are the grounds for the permanent disqualification of a director.

a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:

   1) involves the purchase or sale of securities, as defined in the Securities Regulation Code (SRC);

   2) 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

   3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.

b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from:

   1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;

   2) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;

   3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

   The disqualification shall also apply if such person is currently the subject of an order of the SEC, BSP 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.

c. 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.

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

e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation.

f. Any independent director that has served the Board for a maximum cumulative term of nine years[1] (9) years, subject to extension on a case to case basis as explained by the Board.

g. Any person judicially declared as insolvent.

h. 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.

i. 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.

j. Others grounds as the SEC may provide.

2. Temporary Disqualification

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

a. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.

b. Absence in more than fifty (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.

c. Persons convicted for offenses involving dishonesty, breach of trust or violation of laws but whose conviction has not yet become final and executory.

d. 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/re-election.

e. Directors who are dismissed or terminated for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. 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.

f. The non-executive directors (NEDS) of the Board who served, concurrently, as directors to a maximum of five publicly listed companies, except on a case to case basis as explained by the Board.

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[1] Reckoning of the cumulative nine-year term is from 2012, in connection with SEC Memorandum Circular No. 9, Series of 2011

g. 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.

h. Those under preventive suspension.

i. 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.

j. 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.

F. Responsibilities, Duties and Function of the Board

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. 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 shall 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. It shall 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.

The Board is primarily responsible for the corporate governance of the Company. To ensure good governance of the Company, the Board shall 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. The Board shall act on a fully informed basis, in good faith, with due diligence and care, and in

the best interest of the Company and all its shareholders. It is vitally important that a number of board members be independent from management.

3. Duties and Functions of the Board of Directors

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

a. Implement a process of selection to ensure a mix of competence and expertise and that its members remain qualified for their positions, individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. Appoint competent, professional, honest and highly motivated management officers.

b. Adopt an effective succession planning program for directors, key officers and management to ensure growth and continued increase in the shareholder's value. The program shall include a policy on retirement age for directors and key officers as part of management's succession and to promote dynamism in the company.

c. Implement a formal and transparent board nomination policy that shall include how it accepts nomination from minority shareholders and reviews nominated candidates. The policy shall 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 shall be aligned with the strategic direction of the company.

d. Formulate and implement remuneration plans of key officers and board members specifying the relationship between remuneration and performance. Ensure that no director shall participate in the discussion or deliberations of his remuneration.

e. Adopt a policy on the training of directors, including an orientation program for first time directors and relevant annual continuing training for all directors.

f. Provide sound strategic policies and guidelines to the corporation on major capital expenditures.

g. 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.

h. Ensure that the Company complies with all relevant laws, regulations and best business practices.

i. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporation's CEO or chief financial officer shall exercise oversight responsibility over this program.

j. Identify the corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.

k. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times. There shall be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.

l. 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.

m. 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.

n. Constitute an Audit Committee and such other committees which are necessary to assist the board in the performance of its duties and responsibilities.

o. 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.

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

q. 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.

r. Appoint a Compliance Officer who shall have the rank of at least Senior Vice President (SVP) or an equivalent position with adequate stature and authority in the corporation.

G. Specific Duties and Responsibilities of a Director

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

A director shall have the following duties and responsibilities, among others:

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;

2. To devote time and attention necessary to properly discharge his duties and responsibilities;

3. To act judiciously;

4. To exercise independent judgment;

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.

6. To observe confidentiality;

7. To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.

8. To notify the Board where he/she is incumbent director before accepting a directorship in another company.

9. To attend and actively participate in all meetings of the Board, Committees, and shareholders in person or through tele-video conferencing 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, prevents him/her from doing so. In board and committee meetings, he/she shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

H. Internal Control Responsibilities of the Board

The control environment of the corporation consists of:

1. The Board which ensures that the corporation is properly and effectively managed and supervised.

2. A management that actively manages and operates the corporation in a sound and prudent manner.

3. The organizational and procedural controls supported by effective management information and risk management reporting systems.

4. 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.

5. The Company shall establish an internal audit system that assures the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The corporation has an Internal Audit Department tasked to perform the audit function and report the findings to the Audit Committee. The Internal Auditors are guided by the International Standards on Professional Practice of Internal Auditing.

6. The minimum internal control mechanism for the performance of the Board's oversight responsibility may include:

    a. Definition of the duties and responsibilities of the CEO who is ultimately accountable for the organizational and operational controls;

    b. Selection of the person who possesses the ability, integrity, and expertise essential for the position of CEO;

c. Evaluation of proposed senior management appointments;

d. Selection and appointment of qualified and competent management officers; and

e. Review of the corporation's human resource policies, conflict of interest situations, compensation program of employees, and management succession plan.

I. Board Meetings and Quorum Requirement

1. The members of the Board shall 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 shall always attend Board 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.

J. Remuneration of Directors and Officers

1. The Company shall avoid paying more than what is necessary for purposes of running the company successfully.

2. A proportion of the executive directors' remuneration shall be structured so as to link reward to corporate and individual performance.

3. The Company shall 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 shall 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 key management officers during the preceding fiscal year.

5. Directors' fees or 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.

K. 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:

1. Executive Committee

a. 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.

b. 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.

2. Corporate Governance, Nomination and Related Party Transactions Committee

a. Composition

The Corporate Governance, Nomination and Related Party Transactions Committee shall be composed of at least three (3) members of the Board of Directors, all of whom shall be independent directors, including the Chairman. 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.

b. Duties and Responsibilities

1) The Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities.

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.

3) The Committee shall ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.

4) 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.

5) 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.

6) 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.

7) 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.

8) 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.

9) 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 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. The Committee shall provide a final list of all qualified nominees to the Board.

10) In addition to the qualifications prescribed by the law, rules and regulations, the Company's By-Laws and this Manual, the Committee shall consider the following guidelines on whether a director-applicant: (1) possesses the knowledge, skills, experience, and particularly, in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members. The Committee may utilize professional search firms or external sources when searching for candidates to the Board.

11) 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.

12) Evaluates on an ongoing basis existing relation between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored and subsequent changes in relationships with counterparties (from non-related to related and vice-versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors.

13) Evaluates all material RPT's to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPT's, the Committee takes into account, among others, the following:

    a) The related party's relationship to the company and interest in the transaction;
    b) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
    c) The benefits to the corporation of the proposed RPT;
    d) The availability if other sources of comparable products or services; and
    e) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place an exercise due diligence in determining a fair price for RPTs.

    f) Whether the transaction would present an improper conflict of interest or special risks or contingencies for the Company or any of its subsidiaries or affiliates, or the related party taking into account the size of the transaction and the overall financial position of the related party;

g) Any material information or other factors that the Committee deems relevant.

14) Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information in the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;

15) Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposure to all related parties;

16) Ensures that transactions with related parties including write-off of exposures are subject to a periodic independent review or audit process; and

17) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPT's, including a periodic review of RPT policies and procedures.

3. Remuneration Committee

a. Composition

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

b. Duties and Responsibilities

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.

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) 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.

4) It shall disallow any director to decide his or her own remuneration.

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.

4. Board Risk Oversight Committee

a. Composition

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

b. Duties and Responsibilities

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

c. The core responsibilities of the Board Risk Oversight Committee include the following, among others:

1) 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.

2) Develop risk management strategies- The Board Risk Oversight 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. The plan shall contain the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage the prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

3) Implement the risk management plan. The Board Risk Oversight Committee shall oversee the implementation of the enterprise risk management plan. It shall communicate the risk management plan and loss control procedures to affected parties. The committee shall conduct regular discussions on the company's current risk exposure based on regular management reports and direct concerned units or offices on how to reduce these risks. It shall advise the Board on its risk appetite levels and risk tolerance limits;

4) 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 review at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company. 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.

5) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from management.

5. Audit Committee

d. Composition

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, shall be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee shall not be the Chairman of the Board or any other Committees.

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.

e. Duties and Responsibilities

The core responsibilities of the Audit Committee include the following, among others:

1) Assists 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.

2) Performs oversight functions over the Company's internal and external auditors. It shall 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.

3) Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of IA Charter;

4) Monitors and evaluates, through the Internal Audit (IA) Department, the adequacy and effectiveness of the corporation'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 that shall be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations.

5) Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services.

6) Ensures that the Audit Committee has a robust process for approving and recommending the appointment, re-appointment removal and fees of the external auditor. Such appointment, reappointment removal and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditors, the reasons for the removal or change shall be disclosed to the regulators and the public through the company website and required disclosures.

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

8) Ensures the disclosure of 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 shall 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.

9) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee.

10) Reviews and monitors the Management's responsiveness to the Internal Auditor's findings and recommendations.

11) Reviews 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.

12) Prior to the commencement of the audit, discusses 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.

13) Reviews and approves the interim 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) areas where a significant amount of judgment has been exercised;
    c) significant adjustments resulting from the audit;
    d) going concern assumptions;
    e) compliance with accounting standards;
    f) compliance with tax, legal and regulatory requirements.

14) Reviews the disposition of the recommendations in the External Auditor's management letter.

15) Coordinates, monitors and facilitates compliance laws, rules and regulations.

16) Evaluates and determines 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, shall be disclosed in the Company's annual report.

17) Recommends to the Board the appointment, re-appointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

18) The Audit Committee may meet with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit.

L. The Corporate Secretary

1. The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines.

2. The Corporate Secretary shall be a separate individual from the Compliance Officer. He must not be a member of the Board of Directors and must annually attend a training on corporate governance. He is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company.

3. 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. 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.

   c. 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.

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

   e. Works fairly and objectively with the Board, Management, stockholders and other stakeholders and contributes to the flow of information between the Board and management, the Board and its Committees, and the Board and its stakeholders, including shareholders.

   f. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

   g. Advises on the establishment of board committees and their terms of reference.

h. Performs required administrative functions.

i. Attends 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.

j. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements;

k. 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.

l. Ensure that all Board procedures, rules and regulations are strictly followed by the members.

m. Performs such other duties and responsibilities as may be provided by the SEC.

M. Board Succession Planning

In order to ensure continuity of leadership and that members of the Board of Directors represent the interest of the shareholders and have the required knowledge, expertise and experience relevant to the Company's business, the Board shall implement succession planning for its Board of Directors. The Board of Directors shall be selected and nominated on the basis of ownership structure and following best practices, include independent directors in the Board to provide diversity of experience and outlook.

The succession planning aims to assure stakeholders of the Company that any change in leadership shall be planned, communicated and implemented by the Board of Directors. Succession planning is an ongoing process to identify, assess and develop people to ensure the organization's continued effective performance through leadership continuity. The plan includes succession for the Board as a whole and the Board's leadership positions as well as committee memberships.

The Board of Directors shall be responsible for adopting an effective succession planning program for directors. The Corporate Governance, Nomination and Related Party Transactions Committee is tasked to recommend and qualify succession plan candidates for membership to the Board and Board Committees in accordance with Section K Paragraph (2) (b.) Duties and Responsibilities, Nos. 5, 9 and 10 of this Manual.

The succession plan shall likewise comply with the standards for qualification and disqualification provided in this Manual for identification of potential candidates for membership to the Board and its Committees.

N. 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

The Compliance Officer

1. To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall have a rank of Senior Vice-President or an equivalent position with adequate stature and authority in the corporation. Similar to the Corporate Secretary, he/she must not be a member of the Board and is primarily liable to the corporation and its stockholders and not to the Chairman or President of the Company. The Compliance Office, like the Internal Audit, shall have free and full access to records.

2. The Compliance Officer shall perform the following duties, among others:

    a. Monitors, reviews, evaluates and ensures 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 recommends the imposition of the appropriate disciplinary action of the responsible parties and the adoption of measures to prevent a repetition of the violation.

    b. Identifies, monitors and controls compliance risks.

    c. Appears before the Securities and Exchange Commission when summoned in relation to compliance with the Revised Code of Corporate Governance.

    d. Issues 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 reasons for such deviations.

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

    f. Ensures the integrity and accuracy of all documentary submissions to regulators.

    g. Collaborates with other departments to properly address compliance issues, which may be subject to investigation.

    h. Performs such other duties and responsibilities as may be provided by the SEC.

O. Adequate and Timely Information

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

2. Since reliance on information volunteered by Management will not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board, the members shall 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.

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

P. Accountability and Audit

1. The Board is primarily accountable to the stockholders who shall 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 shall formulate under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

    a. 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, shall be clearly explained.

    b. 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 shall be maintained.

    c. The Company shall consistently comply with the financial reporting requirements of the SEC.

    d. The Independent Directors may have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.

4. Internal Auditor

    a. 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. The Internal Auditor shall report to the Audit Committee.

    b. The internal audit shall provide an independent risk-based assurance service to the Board, Audit Committee and Management focusing on reviewing the effectiveness of 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.

    c. The internal audit shall perform regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment.

d. It shall perform consulting and advisory services related to governance and control as appropriate for the organization.

e. It shall perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization.

f. It shall review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the company.

g. It shall evaluate 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.

h. It shall also evaluate specific operations at the request of the Board or Management, as appropriate.

i. It monitors and evaluates governance processes.

j. It shall submit status reports that shall summarize recommendations, officers responsible, and implementation dates.

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

l. 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 shall include significant risk exposure, control issues and such other matters as may be needed or requested by the Board and Management.

m. The Internal Auditor's activities shall be guided by the International Standards on the Professional Practice of Internal Auditing.

5. External Auditor

a. 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 duly accredited by the commission shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

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

c. 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.

d. 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.

e. 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.

f. 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.

6. Chief Audit Executive (CAE)

a. The Company shall have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including the portion that is outsourced to a third-party service provider. In case of a fully outsourced internal audit activity, qualified independent executive or Senior Management personnel shall be assigned the responsibility for managing the fully outsourced internal audit activity. The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionality to the Audit Committee and administratively to the CEO.

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

a) Reviews periodically 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 recommendation to the Audit Committee and gives advice to Senior Management and the Board on how to improve internal processes

Q. Management

1. Senior Management Committee

a. Composition

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

b. Functions of the Senior Management

1) Plan, organize and direct in such manner to provide reasonable assurance that established objectives and goals will be achieved.

2) Require the establishment and effective implementation of a system of internal control to mitigate the risk identified.

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.

4) Supply necessary or relevant information to the Board for the latter's information and/or decision-making purposes.

2. Risk Management Council

a. Composition

The Risk Management Council shall be composed of group of officers which shall include the Chief Executive Officer, Chief Operating Officer, Chief Finance Officer, Chief Risk Officer, all Group Heads, Head of Internal Audit and the Compliance Officer.

b. Duties and Responsibilities

1) The Council shall define a risk management strategy;

2) It shall identify and analyze key risk exposures relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;

3) It shall evaluate and categorize each identified risk using the company's predefined risk categories and parameters;

4) It is responsible for establishing a risk register with clearly defined, prioritized and residual risks;

5) It is responsible for developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;

6) It shall communicate and report significant risk exposures including business risks (e.g. strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and

7) It is responsible for monitoring and evaluating the effectiveness of the organization's risk management processes.

c) The Chief Risk Officer

In managing the company's Risk Management System, the company shall have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/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 top risks and the status of the implementation of risk management strategies and action plans to the Board Risk Oversight Committee;

3) Collaborates with CEO in updating and making recommendations to the Board Risk Oversight Committee;

4) Suggests ERM policies and related guidance, as may be needed; and

5) Provides insights on the following:

a) Risk management processes are performing as intended;
b) Risk measures reported are continuously reviewed by risk owners for effectiveness; and
c) Established risk policies and procedures are being complied with.

There shall be clear communication between the Board Risk Oversight Committee and the CRO.

3. Code of Business Conduct and Ethics

a. The Company must set a Code of Business Conduct and Ethics personnel policies to be strictly observed and followed by all associates. The said policies shall form part of the Associate's Handbook which copy shall be distributed to all associates for their information. Any updates therein must be also disseminated. This handbook shall be with the associates for the duration of their stay in the Company. It shall also be disclosed and made available to the public through the company website.

b. 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. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

4. Strategy Setting and Planning

a. The Company has an overall organizational plan, which is supported by a business plan, budgets and marketing plan (if necessary).

b. It has clearly defined performance measures (operational and financial) that are incorporated into the plans.

c. The Board approves the budget set by the management and revisions thereto.

5. Financial and Operational Reporting

a. The Company's financial and operational reports shall contain performance measures; enable the efficiency and effectiveness of the organization to be assessed. The Company shall ensure the set-up of control measures in the handling of such reports.

b. The company shall ensure that the material and reportable non-financial and sustainability issues are disclosed.

c. The Company shall 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. It shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

d. The reports shall be prepared depending on the particular levels of responsibilities and shall:

1) Efficiently and effectively communicate key financial data;

2) Show a comparison between year-to-date budget, last year-to-date and full year data;

3) Be supported with explanations of significant variations

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

6. Communication Process

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

b) 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.

c) The company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

d) The company shall include media and analysts' briefing as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

7. Training Process

a. A first-time director shall be required to attend an orientation seminar of at least 8 hours 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. Thereafter, he/she shall also attend an annual continuing seminar on corporate governance of at least four hours. However, there shall be an established professional development program for employees and officers and a succession plan for senior management.

b. 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.

8. Transparency

Disclosure System of the Company's Corporate Governance Policies

a. 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.

b. 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.

c. 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.

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

e. 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.

f. The company shall 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.

g. The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

h. The Company shall provide a clear disclosure of its policies and procedure for setting board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Also, companies shall disclose the remuneration on an individual basis, including termination and retirement provisions.

i. The company shall disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year shall be disclosed in its Annual Corporate Governance Report.

j. The Company shall make full, fair, accurate and timely disclosure to the public over material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company shall appoint an

independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

k. The Company's corporate governance policies, programs and procedures shall be contained in its Manual of 'Corporate Governance, which shall be submitted to the regulators and posted on the company's website.

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

1. Stockholders Rights:

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

a. Right to vote on all matters that requires their consent or approval;
b. Pre-emptive right to all stock issuances of the Company;
c. Right to inspect the books and records of the company;
d. Right to information;
e. Right to dividends; and
f. 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.

a. Voting Right

1) The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders shall be encouraged to personally attend such meetings. The Notice of Annual and Special Shareholder's Meeting with sufficient and relevant information shall be sent to the stockholders at least 28 days before the meeting.

2) In case the stockholders cannot attend the annual and special stockholders' meetings, 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 that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholders' favor.

3) The Board shall 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 shall 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.

4) Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

5) Cumulative voting shall be used in the election of directors.

6) A director shall not be removed without cause if it shall deny minority stockholders representation in the Board.

b. Pre-emptive Right

Pre-emptive rights have been validly denied in the Articles of Incorporation. 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.

c. 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 of restrictions.

d. Right to Information

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.

2) All shareholders, including minority and foreign shareholders, shall be given the right to propose the holding of meetings and items for inclusion in the agenda. The company may require that the proposal be made by the shareholders holding a specified percentage of shares or voting rights in order to prevent the abuse of said right. To ensure, on the other hand, that minority shareholders are not effectively prevented from exercising this right, the degree of ownership concentration shall be considered in determining the threshold.

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".

4) In accordance with the existing law, all shareholders shall be given the right to nominate candidates to the Board of Directors. The procedures of the nomination process are expected to be discussed clearly by the Board. The company is encouraged to fully and promptly disclose all information regarding the experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidate's qualification and credibility.

5) To encourage active shareholder participation, the Board shall make the result of the votes taken during the most recent Annual or Special Shareholder's Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholder's Meeting shall be available on the company website within five business days from the end of the meeting.

e. Right to Dividends

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

f. 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 stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

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.

2. Grievance Procedure

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

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

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

In this regard, any aggrieved 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.

3. Investor Relations Office

The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. In this regard, the IRO shall be present at every shareholder's meeting.

S. Governance Self-Rating System/Monitoring and Assessment

The Board may create an internal self-rating system that measures the performance of the Board and Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive) in accordance with the criteria provided in the Code of Corporate Governance.

The Board shall conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator.

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

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.

T. Disclosure and Transparency

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

It is therefore essential that all material information about the corporation which adversely affect its viability or the interest of its stockholders and other stakeholders are publicly and timely disclosed to SEC such as, among others:

> Quarterly reports, Annual Reports, Audited Financials etc. which disclose information such as earning results, acquisition or disposition of significant assets, balance sheet transactions, dealings in the company's shares, experience and qualifications, and potential conflicts of interest of directors and key officers, retirement, material and significant related party transactions, and direct and indirect remuneration of members of the Board and Management.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filling 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.

U. Encouraging Sustainability and Social Responsibility

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

V. Encouraging Employee's Participation

The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.

The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.

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

W. Commitment to Good Corporate Governance

The rules embodied in this manual shall serve as reference by the members of the Board and Management.

This Manual shall be submitted to the regulators, posted at the Company's website and made available for inspection by any stockholder at reasonable hours on business days.

X. Respecting Rights of Stakeholders and Effective Redress for the Violation of Stakeholders' Rights:

1. The Board shall identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.

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

3. The Board shall adopt a transparent framework and process that allows stockholders to communicate with the company and to obtain redress for the violation of their rights.

Y. Encouraging Sustainability and Social Responsibility

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

Z. Regular Review of the Code and 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 Officer, shall accomplish annually a scorecard on the scope, nature, and extent of the actions taken to meet the objectives of SEC Code.

AA. Administrative Sanctions

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. 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:

   a. Jurisdiction Over Administrative Disciplinary Actions

   b. Code of Discipline

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.

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.

Signed this 21st day of May 2021 with the Authority of the Board of Directors.

(SGD.) **HELEN Y. DEE**
Chairman of the Board

(SGD.) **LALAINE P. MONSERATE**
Compliance Officer