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Marcventures Holdings, Inc.

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PSE Disclosure Form 17-18 - Other SEC Forms/Reports/Requirements

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| Description of the Disclosure |
| 2016 Revised Manual on Corporate Governance of Marcventures Holdings, Inc. |

Filed on behalf by:

| | |
|-------------|--------------------|
| Name | Raquel Frondoso |
| Designation | Compliance Officer |

COVER SHEET

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SEC Registration
Number

M A R C V E N T U R E S H O L D I N G S , I N C .

(F O R M E R L Y A J O N E T H O L D I N G S , I N C

(Company's Full Name)

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P A S E O D E R O X A S , M A K A T I

C I T Y

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

Diane Madelyn C. Ching

Contact Person

831-4479

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year
Meeting

FORM TYPE

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Month

Day

Annual

**REVISED MANUAL ON
CORPORATE
GOVERNANCE**

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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31 May 2017

MS. JUSTINA F. CALLANGAN
Director, Corporate Governance and Finance Department
Securities and Exchange Commission
G/F Secretariat Building
PICC Complex, Roxas Boulevard,
Pasay City

Re: Revised Manual on Corporate Governance

Dear Ms. Callangan,

In compliance with the Revised Code of Corporate Governance of Securities and Exchange Commission, we hereby submit Marcventures Holdings, Inc. Revised Manual on Corporate Governance. Said revisions have been approved by the Board of Directors in their meeting on 31 March 2017.

REVISED MANUAL ON CORPORATE GOVERNANCE
(In compliance with the Revised Code of Corporate Governance,
SEC Memorandum Circular No. 19 series of 2016)



The Board of Directors and Management, i.e. officers and staff of **MARCVENTURES HOLDINGS, INC.** (formerly AJOnet Holdings, Inc.) (hereinafter referred to as the "Corporation") hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

OBJECTIVE

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

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

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

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.

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

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

- 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 shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
- 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. **Public Corporation** – refers to any corporation with a class of equity securities listed in an Exchange or with assets in excess of Fifty Million Pesos (P50,000,000.00) and having two hundred (200) or more stockholders each holding at least one hundred (100) shares of a class of its securities.
- 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 and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.
- j. **Internal Audit** - An independent and objective assurance activity designed to add value to and improve the Corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- k. **Audit & Risk Department.** A department of the Corporation that provides independent and objective assurance services in order to add value to and improve the Corporation's operations.
- l. **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.
- m. **Related Party** – shall cover the Corporation's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Corporation exerts direct or indirect control over or that exerts direct or indirect control over the Corporation; the Corporation'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 Corporation.
- n. **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.

- o. **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.

THE BOARD'S GOVERNANCE RESPONSIBILITIES

1. Establishing a Competent Board

The Board of Directors (the "Board") is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

Compliance with the principles of good corporate governance shall start with the Board of Directors. The Corporation shall be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

1.1 Composition of the Board

The Board shall be composed of nine (9), who are elected by the stockholders of the Corporation during its annual meeting, and shall hold office for one (1) year, until their successors are elected and qualified in accordance with the Corporation's By-Laws. The Board shall be composed of directors with collective working knowledge, experience or expertise that is relevant to the Company's industry or sector.

1.2 Qualifications

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.

The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Corporation'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.

1.3 Training & Orientation Programs

The Corporation may provide in its Board Charter and Manual on Corporate Governance a policy on the training of directors, including an orientation program for first-time directors and relevant annual continuing training for all directors.

The Corporation shall provide an annual continuing training program to make certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Corporation. It involves courses on corporate governance matters relevant to the Corporation, including audit, internal controls, risk management, sustainability and strategy.

1.4 Board Diversity

The Board shall adopt a policy on board diversity to avoid groupthink and ensure that optimal decision-making is achieved. The board diversity policy shall not be limited to gender diversity but shall also include diversity in age, ethnicity, culture, skills, competence and knowledge.

1.5 Corporate Secretary

The Board shall ensure that it is assisted in its duties by a Corporate Secretary, who shall be a separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

The Corporate Secretary is primarily responsible to the Corporation and its shareholders and not to the Chairman or President of the corporation and has, among others, the following duties and responsibilities:

- a. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
- b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- e. Advises on the establishment of board committees and their terms of reference;
- f. Informs members of the Board, in accordance with the by-laws, of the agenda of their 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. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- h. Performs required administrative functions;
- i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- j. Performs such other duties and responsibilities as may be provided by the SEC.

1.6 Compliance Officer

The Board shall ensure that it is assisted in its duties by a Compliance Officer, who shall have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

The Compliance Officer is a member of the Corporation's management team in charge of the compliance function. Similar to the Corporate Secretary, he/she is primarily liable to the corporation and its shareholders, and not to the Chairman or President of the Corporation.

He/she has, among others, the following duties and responsibilities:

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

2. Establishing Clear Roles and Responsibilities of the Board

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

2.1 The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders.

2.2 The Board shall oversee the development of and approve the Corporation's business objectives and strategy, and monitor their implementation, in order to sustain the Corporation's long-term viability and strength.

2.3 The Chairperson

The Board shall be headed by a competent and qualified Chairperson.

The roles and responsibilities of the Chairman include, among others, the following:

- a. Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;
- b. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors;
- c. Maintain qualitative and timely lines of communication and information between the Board and Management.
- d. 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;
- e. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- f. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- g. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- h. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- i. Makes sure that performance of the Board is evaluated at least once a year and discussed/ followed up on.

2.4 Board Succession Planning Program

The Board shall be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure

growth and a continued increase in the shareholders' value. This shall include adopting a policy on the retirement age for directors and key officers

2.5 Remuneration of Key Officers and Board Members

The Board shall align the remuneration of key officers and board members with the long-term interests of the Corporation. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration.

2.5.1 Compensation of Board of Directors

Executive officers are covered by standard employment contracts and can be terminated upon appropriate notice.

Non-executive Directors are entitled to a per diem allowance of ₱75,000 for each attendance in Regular Board meetings.

2.6 Board Nomination and Election Policy

The Board hereby adopts the following formal and transparent board nomination and election policy that shall include how it accepts nominations 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 Corporation.

2.6.1 Nomination and Election of Board of Directors

- a. The Nominations Committee screens the Directors named for election.
- b. The Nominations Committee determines that the candidates possess all the qualifications and none the disqualifications as director or independent director.
- c. The nine (9) directors shall be stockholders and shall be elected annually by the stockholders owning majority of the outstanding capital stock for a term of one (1) year and shall serve until the election and qualification of their successors.
- d. The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Corporation Code.
- e. The total number of votes cast by such stockholder shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

- f. Any vacancy in the board of directors other than removal or expiration of term may be filled by a majority vote of the remaining members at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.

2.6.2 Qualifications of Directors

In addition to the qualifications for membership in the 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:

- a. College education or equivalent academic degree;
- b. Practical understanding of the business of the corporation;
- c. Membership in good standing in relevant industry, business or professional organizations; and
- d. Previous business experience.

2.6.3 Disqualification of Directors

I. Permanent Disqualification

The following shall be 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 (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust Corporation, 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 Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust Corporation, investment house, or investment Corporation; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko

Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

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, counseled, 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 SEC or BSP;

e. Any person judicially declared as insolvent;

f. 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 previously;

g. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and

h. Other grounds as the SEC may provide.

II. Temporary Disqualification

The Board may provide for the 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) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
- c. Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared

- himself from any involvement in the cause that gave rise to his dismissal or termination.
- d. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and
 - e. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

2.7 Related Party Transactions Policy

The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

2.8 Selection and Assessment of Management Performance

The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the President, and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

2.9 Performance Management Framework

The Board shall establish an effective performance management framework that will ensure that the Management, including the President, and personnel's performance is at par with the standards set by the Board and Senior Management.

The results of the Performance Evaluation shall be linked to other human resource activities such as training and development, remuneration and succession planning. These should likewise form part of the assessment of the continuing fitness and propriety of management, including the Chief Executive Officer, and personnel in carrying out their respective duties and responsibilities.

2.10 Internal Control System

The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall also approve the Internal Audit Charter.

2.11 Enterprise Risk Management

The Board shall oversee that a sound Enterprise Risk Management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

2.12 Board Charter

The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the Corporation's website.

3. Establishing Board Committees

Board committees shall be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration.

3.1 Establishment of Board Committees

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

3.2 Audit Committee

The Board may establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee should be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All 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 should not be the chairman of the Board or of any other committees.

The Audit Committee serves to enhance the oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

The Audit Committee meets 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.

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

- a. Through the Internal Audit (IA) Department, monitors and evaluates 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 shall be in place in order to (a) safeguard the Corporation's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations;

- b. 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;
- c. 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;
- d. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- e. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation'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 corporation's Annual Report and Annual Corporate Governance Report;
- g. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- h. Reviews the disposition of the recommendations in the External Auditor's management letter;
- i. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records,

properties and personnel to enable them to perform their respective audit functions;

- j. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- k. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders; and
- l. In case the Corporation does not have a Board Risk Oversight Committee and/or Related Party Transactions Committee, performs the functions of said committees as provided under Recommendations 3.4 and 3.5.

3.3 Corporate Governance Committee (CGC)

The Board may establish a Corporate Governance Committee that should be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, all of whom should be independent directors, including the Chairman.

3.3.1 The Corporate Governance Committee (CG Committee) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

- a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- b. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f. Proposes and plans relevant trainings for the members of the Board;
- g. Determines the nomination and election process for the Corporation's directors and has the special duty of defining the general profile of board members that the Corporation may need and ensuring

appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

- h. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

3.4 Board Risk Oversight Committee (BROC)

Subject to the corporation's size, risk profile and complexity of operations, the Board may establish a separate Board Risk Oversight Committee (BROC) that shall be responsible for the oversight of the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. It shall be composed of at least three (3) members, majority of whom shall be independent directors including the Chairman who is not at the same time the Chairman of the Board or of any other Board Committee. In accordance with this, the members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board. At least one member of the Committee shall have adequate and competent understanding and experience on risk management principles and practices, in addition to thorough knowledge of the Company's business and industry in which it operates.

3.4.1 The Board Risk Oversight Committee shall have the following duties and responsibilities:

- a. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- d. Advises the Board on its risk appetite levels and risk tolerance limits;
- e. Reviews at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company;
- f. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of

- occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders;
- g. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. This function regularly receiving information on risk exposures and risk management activities from Management;
 - h. Reports to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary; and
 - i. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

3.5 The Related Party Transactions Committee

Subject to the corporation's size, risk profile and complexity of operations, the Board may establish a Related Party Transactions (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company. It shall be composed of at least three (3) non-executive directors, the majority of whom, including the Chairman, shall be independent. Accordingly, the members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board. Each member shall have adequate and competent knowledge of the Company's business and industry in which it operates.

3.5.1 The Related Party Transactions Committee shall have the following duties and responsibilities:

- a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors;
- b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties 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 RPTs, the Committee takes into account, among others, the following:
 - i. The related party's relationship to the Company and interest in the transaction;
 - ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - iii. The benefits to the corporation of the proposed RPT;
 - iv. The availability of other sources of comparable products or services; and

- v. 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 shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- d. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party;
- e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
- f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and
- g. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

3.6 Committee Charters

- 3.6.1 All established committees shall have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information.
- 3.6.2 The Charters shall provide the standards for evaluating the performance of the Committees.
- 3.6.3 The Committee Charter shall be fully disclosed on the Corporation's website.

4. Fostering Commitment

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

4.1 Board Meetings

The directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious

accidents, prevent them from doing so. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

4.2 Board Directorship

Non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Corporation.

4.3 Notification of directorship in other corporations

A director shall exercise due discretion in accepting and holding directorships outside of the Corporation. The director shall notify the Board where he/she is an incumbent before accepting a directorship in another company.

5. Reinforcing Board Independence

The board shall endeavor to exercise an objective and independent judgment on all corporate affairs.

- 5.1** The Board 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.

5.2 Independent Directors

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

An Independent Director refers to a person who, ideally:

- a. Is not, or has not been a senior officer or employee of the covered Corporation unless there has been a change in the controlling ownership of the Corporation;
- b. Is not, and has not been in the three years immediately preceding the election, a director of the covered Corporation; a director, officer, employee of the covered Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered Corporation's substantial shareholders and its related companies;
- c. Has not been appointed in the covered Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- d. Is not an owner of more than two percent (2%) of the outstanding shares of the covered Corporation, its subsidiaries, associates, affiliates or related companies;

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

5.3 Term of Independent Directors

The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

5.4 The Chief Executive Officer (CEO) or President

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

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

- a. Determine the Corporation's strategic direction and formulate and implement its strategic plan on the direction of the business;
- b. Communicate and implement the Corporation's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
- c. Oversee the operations of the Corporation and manage human and financial resources in accordance with the strategic plan;
- d. Have a good working knowledge of the Corporation's industry and market and keep up-to-date with its core business purpose;
- e. Direct, evaluate and guide the work of the key officers of the Corporation;
- f. Manage the Corporation's resources prudently and ensure a proper balance of the same;
- g. Provide the Board with timely information and interface between the Board and the employees;
- h. Build the corporate culture and motivate the employees of the Corporation;
- i. Serve as the link between internal operations and external stakeholders;
- j. Perform such other responsibilities as the Board may impose.

5.5 Lead Director

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

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

- a. Serves as an intermediary between the Chairman and the other directors when necessary;
- b. Convenes and chairs meetings of the non-executive directors; and
- c. Contributes to the performance evaluation of the Chairman, as required.

5.6 Directors with material interest in any transaction

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

The non-executive directors (NEDs) shall scrutinize Management's performance, particularly in meeting the corporation's goals and objectives. Further, they should satisfy themselves on the integrity of the corporation's internal controls and the effectiveness of the risk management system. They shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings shall be chaired by the lead independent director.

6. Assessing Board Performance

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

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

6.2 The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system shall allow for a feedback mechanism from the shareholders. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation's Annual Report or in such form of report that is applicable to the Corporation. The adoption of this performance evaluation system must be covered by a Board approval.

7. Strengthening Board Ethics

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

7.1 The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the Corporation website.

7.2 The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. The Company's Code of Ethics shall be made effective and inculcated in the Company's culture through a communication and awareness campaign, continuous training to reinforce the code, strict monitoring and implementation and setting in place proper avenues where issues may be raised and addressed without fear of retribution.

DISCLOSURE AND TRANSPARENCY

8. Enhancing Corporation Disclosure Policies and Procedures

The Corporation shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

8.1 The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a Corporation's financial condition, results and business operations.

8.2 The Corporation shall have a policy requiring all directors and officers to disclose/report to the Corporation any dealings in the Corporation's shares within three business days.

8.3 The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and

qualifications, and assess any potential conflicts of interest that might affect their judgment.

8.4 The Corporation 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.

8.5 The Corporation 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.

8.6 The Corporation shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree Corporation shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

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

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

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

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

9.2 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.

9.3 The Corporation shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of

interest. The Audit Committee 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.

10. Increasing Focus on Non-Financial and Sustainability Reporting

The Corporation should ensure that the material and reportable non-financial and sustainability issues are disclosed.

10.1 The Board 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. Companies shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

11. Promoting a Comprehensive and Cost Efficient Access to Relevant Information.

The Corporation 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.

11.1 The Corporation shall include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

12. Strengthening the Internal Control System and Enterprise Risk Management Framework

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

12.1 The Corporation shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.

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

The following are the functions of the internal audit, among others:

- a. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;

- b. Performs regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;
- c. Performs consulting and advisory services related to governance and control as appropriate for the organization;
- d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the Company;
- f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- g. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- h. Monitors and evaluates governance processes.

12.3 The Corporation shall have a qualified Chief Audit Executive (CAE) or Audit and Risk Head (ARH) appointed by the Board. The CAE/ARH shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel shall be assigned the responsibility for managing the fully outsourced internal audit activity.

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

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

12.4 Enterprise Risk Management

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

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

- a. Defining a risk management strategy;

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

12.5 Chief Risk Officer (CRO)

In managing the Corporation's Risk Management System, the Corporation 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 Corporation's size, risk profile and complexity of operations.

The CRO has the following functions, among others:

- a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- c. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d. Suggests ERM policies and related guidance, as may be needed; and
- e. Provides insights on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with.

CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

13. Promoting Shareholder Rights

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

- 13.1** The Board shall ensure that basic shareholder rights are disclosed in the Manual on Corporate Governance and on the Corporation's website.

- Shareholders' rights relate to the following, among others:

- a. Pre-emptive Right
- b. Dividend Policies
- c. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting
- d. Right to nominate candidates to the Board of Directors
- e. Nomination process and
- f. Voting procedures that would govern the Annual and Special Shareholders' Meeting.

13.2 Notice of Shareholders' Meetings

The Shareholders 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 Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers. The Information Statement/Proxy Statement where these are found must be distributed to the shareholders before annual general meetings and in the Registration Statement and Prospectus in case of registration of shares for public offering with the Commission.

The minority shareholders should be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

The minority shareholders should 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 should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

13.3 Publication of the Results of the Votes

The Board shall make the results of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.

13.4 Alternative Dispute Resolution of Intra-Corporate Disputes

It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner.

As such, the Board of Directors may engage the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Corporation and the circumstances sees fit.

13.5 Investor Relations Office

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

DUTIES TO STAKEHOLDERS

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

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

- 14.1 The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.
- 14.2 The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.
- 14.3 The Board shall adopt a transparent framework and process that allow stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights.

15. Encouraging Employees' Participation

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

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

15.2 Anti-Corruption Policy and Program

The Board shall set the tone and will make a stand against corrupt practices by adopting an anti-corruption policy and program.

15.3 Whistleblowing Policy and Procedures

The Board shall establish a Whistleblowing Policy and Procedure that allows the 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 separate unit created to handle whistleblowing concerns.

16. Encouraging Sustainability and Social Responsibility

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

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

COMMUNICATION AND MONITORING OF THIS MANUAL

17. Communication

- 17.1 This Manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
- 17.2 All directors, officers, division and department heads are tasked to ensure thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- 17.3 An adequate number of printed copies of this Manual must be reproduced under the supervision of the Corporate Governance Department, with a minimum of at least one (1) hard copy of the Manual per department.
- 17.4 This Manual shall be subject to annual review unless the same frequency is amended by the Board.
- 17.5 If necessary, funds shall be allocated by the Corporation for the purpose of conducting an orientation program or workshop to operationalize this Manual.

18. Monitoring and Penalties For Non-Compliance

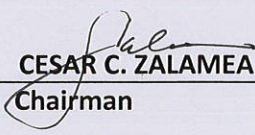
- 18.1 All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to be compliant with this Manual.
- 18.2 To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation'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:
- a. In case of first violation, the subject person shall be reprimanded.
 - b. Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. This shall not be applicable to directors.
 - c. For third violation, the maximum penalty of removal from office shall be imposed. With regard to directors, the provision of Section 28 of the Corporation Code shall be observed.
- 18.3 The Compliance Officer shall be responsible for determining violations through notice and hearing and shall recommend to the Chairman, the impossible penalty for such violation, for further review and approval of the Board.

19. Effectivity

The Revised Manual on Corporate Governance has been approved by the Corporate Governance Committee on 30 May 2017 pursuant to the authority provided by the Board on 31 March 2017.

Pursuant to the requirement of the Securities and Exchange Commission, this Manual on Corporate Governance is signed on behalf of the registrant by the undersigned; thereunto duly authorized, in the City of Makati on MAY 31 2017, 2017.

SIGNATURES


CESAR C. ZALAMEA
Chairman



DIANE MADELYN C. CHING
Co-Assistant Corporate Secretary /
Co-Compliance Officer

MAY 31 2017
SUBSCRIBED AND SWORN to before me this _____ day of _____ 20____, affiant(s)
exhibiting to me their _____, as follows:

| NAME | DATE OF ISSUE | PLACE OF ISSUE |
|--|---------------|----------------|
| Cesar C. Zalamea Diane Madelyn C. Ching | | |

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Series of 2017


RUBEN T.M. RAMIREZ
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