



REVISED MANUAL ON  
CORPORATE GOVERNANCE  
(2025)

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The Board of Directors of Xurpas Inc. approved and adopted this Manual on May 30, 2017 **and its amendment on February 11, 2025**. The structures and processes set forth in this Manual, the Articles of Incorporation and By-Laws, in conjunction with the commitment to the governance principles of transparency, accountability, fairness and integrity, form the basic framework of governance by which the Corporation's Board of Directors, officers, executives and employees shall strive to achieve the Corporation's strategic objectives, create value for all its stakeholders, and sustain its long-term viability.

## ARTICLE I: DEFINITIONS AND INTERPRETATION

### 1. Defined Terms

The following terms used in this Manual are defined below:

<b>Advisory Board/Committee</b>	the body composed of members appointed by the Board which makes recommendations and/or provides key information and materials to the Board
<b>Articles of Incorporation</b>	Articles of Incorporation of the Corporation and all amendments thereto
<b>Board of Directors / Board</b>	the governing body elected by the stockholders that exercises the powers of the Corporation, conducts all its business, and controls its properties
<b>Board Committees</b>	one or all of the following Committees composed of Members of the Board of Directors: <ul style="list-style-type: none"> <li>a. Executive Committee</li> <li>b. Nomination Committee</li> <li>c. Audit Committee</li> <li>d. Corporate Governance Committee</li> <li>e. Board Risk Oversight Committee</li> <li>f. Related Party Transaction Committee</li> <li>g. And such other Committees that the Board may constitute from time to time</li> </ul>
<b>BSP</b>	Bangko Sentral ng Pilipinas
<b>By-Laws</b>	Corporation's By-Laws and all amendments thereto
<b>president</b>	President of the Corporation
<b>Chairman</b>	Chairman of the Board
<b>Code</b>	SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the "Code of Corporate Governance for Publicly-Listed Companies"
<b>Commission / SEC</b>	Securities and Exchange Commission
<b>Company / Corporation</b>	Xurpas Inc.
<b>Corporate Governance</b>	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, which include, among others, stockholders, customers, employees, suppliers, financiers, and the government and community in which it operates
<b>Corporation Code</b>	Batas Pambansa Blg. 68 otherwise known as "The Corporation Code of the Philippines"
<b>Director</b>	a duly-elected member of the Board

<b>Enterprise Risk Management</b>	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
<b>Exchange</b>	Philippine Stock Exchange
<b>Executive Director</b>	a director who has executive responsibility of day-to-day operations of a part or the whole of the organization
<b>Internal Control</b>	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
<b>Internal Control System</b>	the framework under which the internal controls are developed and implemented (alone and in concert with other policies or procedures) to manage and control a particular risk, cost or business activity, or combination of risks or business activities to which the Corporation is exposed
<b>Internal Audit</b>	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
<b>Internal Audit Department</b>	a department or unit of the corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the corporation's operations
<b>Internal Auditor</b>	the highest position in the Corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, the Internal Auditor is responsible for overseeing the service contract, the overall quality of these activities, and monitoring the engagement results
<b>Independent Director</b>	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
<b>Management</b>	the general body authorized by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation
<b>Manual</b>	this Manual on Corporate Governance, as may be amended from time to time
<b>Non-audit work</b>	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
<b>Non-executive Director</b>	a director who has no executive responsibility and does not perform any work related to the operations of the Corporation
<b>Officers</b>	officers of the Corporation from the rank of Assistant Corporate Secretary up to Chairman of the Board, as defined by the Corporation's By-Laws
<b>Related Party</b>	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
<b>Related Party Transactions</b>	a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged, which should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party
<b>Securities Code</b>	Republic Act No. 8799, otherwise known as "The Securities Regulation Code"
<b>Management</b>	otherwise known as "Executive Management", or the individuals at the highest level of organizational management are responsible for the day-to-day management of the Corporation. They hold specific executive powers conferred to them by the Board of Directors and stockholders. They have the highest level of responsibility in the Corporation, with a position not lower than Vice-President.
<b>Stakeholders</b>	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.
<b>Year</b>	calendar year

## 2. Interpretation

- 2.1. Unless the context otherwise requires, words in the singular include the plural, and vice versa; and words importing any gender include all genders.
- 2.2. A reference to a statute or provision shall be construed as a reference to that statute or provision as amended, modified, or re-enacted.
- 2.3. The headings in this Manual are inserted solely for convenience of reference and do not limit or affect the interpretation of the provisions.

- 2.4. All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the Corporation.

## ARTICLE II: THE BOARD'S GOVERNANCE RESPONSIBILITIES

### 1. Establishing a Competent Board

The Board of Directors (the "Board") shall comprise of directors with a collective working knowledge, experience or expertise that is relevant to the Corporation's industry. The Board shall 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 Corporation based on the evolving business environment and strategic direction.

The Board is primarily responsible for the governance of the Corporation. Corollary to setting the strategies and policies to accomplish the corporate objectives, it shall provide an independent check on Management. The Board shall likewise review and comment on the strategic directions identified by Management.

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Corporation'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.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that will enable the Board to comply with its responsibilities to its stockholders.

#### 1.1 Composition

The Board shall have eight (8) Directors, of which there shall be three (3) Independent Directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher. The Board shall be composed of a majority of non-executive directors. The non-executive directors shall concurrently serve as directors to a maximum of five (5) publicly-listed companies. A director should notify the Board where he/she is an incumbent director before accepting a directorship in another company.

The Board of Directors shall be elected by the Corporation's stockholders entitled to vote at the annual meeting, and shall hold office for one year until their successors are elected and have qualified in accordance with the By-Laws of the Corporation.

#### 1.2 Training

1.2.1 The Corporation shall provide a comprehensive 8-hour orientation program for new directors and an annual 4-hour continuing training for existing directors, unless:

1.2.1.1 The new director has already previously attended a similar training;

1.2.1.2 The existing director has already attended a similar training for the calendar year, or has committed to attend a similar training on a different date within the calendar year.

1.2.2 The orientation program covers SEC-mandated topics on corporate governance and an introduction to the Corporation's business, Articles of Incorporation and Code of Conduct.

1.2.3 The annual continuing training program, on the other hand, ensures that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Corporation, and audit, internal controls, risk management, sustainability and strategy.

#### 1.3 Board Diversity

Having a diverse Board ensures that optimal decision-making is achieved. Diversity in the Board shall pertain, among others, to age, ethnicity, gender, culture, skills, competence and knowledge of the directors aimed to generate new ideas and encourage active participation in Board discussions.

#### 1.4 Qualifications



A member of the Board of Directors must possess the following qualifications:

- 1.4.1 Ownership of at least one (1) share of the capital stock of the Corporation;
- 1.4.2 A college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;
- 1.4.3 Relevant qualification, such as previous business experience, membership in good standing in relevant industry, and membership in business or professional organization; and
- 1.4.4 Possesses integrity, probity and shall be diligent and assiduous in the performance of his function.

#### 1.5 **Permanent Disqualification of Directors**

The following persons are disqualified from being a director of the Corporation:

- 1.5.1 No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business that competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:
  - 1.5.1.1 if he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least two-thirds (2/3) vote, determines to be competitive or antagonistic to that of the Corporation, or
  - 1.5.1.2 if he is an officer, manager or controlling person of, or the owner (either of record beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the corporation, when in the judgment of the Board, by at least two-thirds (2/3) votes, the law against combination in restraint of trade shall be violated by such person's membership in the Board of Directors; or
  - 1.5.1.3 if the board, in the exercise of its judgment in good faith, determines by at least two-thirds (2/3) vote that he is the nominee of any person set forth in the 1.5.1.1 or 1.5.1.2.
- 1.5.2 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 similar fraudulent acts or transgressions;
- 1.5.3 Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of election or appointment as Director;
- 1.5.4 Any person judicially declared to be insolvent;
- 1.5.5 Any person who has been convicted by final judgment or order by a competent judicial or administrative body of the following:
  - 1.5.5.1 any crime involving the purchase or sale of securities, as defined in the Securities Regulation Code;
  - 1.5.5.2 any crime arising 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

- 1.5.5.3 any crime arising out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- 1.5.6 Any person who, by reason of any misconduct, after hearing or trial, is permanently enjoined by final judgment or order of the Commission, Bangko Sentral ng Pilipinas ("BSP") or any court or administrative body of competent jurisdiction from:
  - 1.5.6.1 acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker;
  - 1.5.6.2 acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company;
  - 1.5.6.3 engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs 1.5.6.1 and 1.5.6.2 above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply when a) such person is subject of an effective order of the Commission, BSP or any court or other 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 BSP or under any rule or regulation issued by the Commission or BSP; or b) such person has otherwise been restrained to engage in any activity involving securities and banking; or c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling from membership, participation or association with a member or participant of the organization;

- 1.5.7 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 Commission or BSP;
- 1.5.8 Any person found guilty by final judgment or order of a foreign court or financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the preceding clause;
- 1.5.9 Any person who has previously committed patently unlawful acts and other acts deemed inimical to the reputation and interest of the Corporation, its subsidiaries or affiliates;
- 1.5.10 Any person who has committed acts causing undue injury to the Corporation, its subsidiaries or affiliates, or committed acts causing injury to another corporation while acting as an officer or director;
- 1.5.11 Any person who previously committed gross negligence or bad faith in directing the affairs of another corporation where he served as an officer or director;
- 1.5.12 In case of independent directors:
  - 1.5.12.1 When he becomes an officer, employee, or consultant of the Corporation; and
  - 1.5.12.2 The additional grounds for disqualification under Rule 38 of the Amended Implementing Rules and Regulations of the Securities and Regulation Code;
- 1.5.13 Any person who is disqualified by such other grounds for disqualification of directors as may be provided by law and applicable regulations, including those provided for under the Corporation Code, Securities Regulation Code, as well as those that may be approved by the Board of Directors;

1.5.14 Other grounds as the Commission may provide.

For purposes of the foregoing paragraphs, the term "subsidiary" means a corporation or entity in which the Corporation, directly or indirectly, owns, controls or has the power to vote at least a majority of the shares or interests. Likewise, the term "affiliate" as used in these preceding paragraphs means a corporation or entity in which the Corporation directly or indirectly owns, controls or has the power to vote at least ten percent (10%) but not more than fifty percent (50%) of the shares or interests.

Furthermore, for purposes of determining whether or not a person is engaged in a business or activity that competes with or antagonistic to that of the Corporation or any of its subsidiaries and affiliates, or if he is a controlling person, beneficial owner, or the nominee of another, or if he suffers from the foregoing disqualifications, the Board of Directors may take into account such factors as business, professional and family relationships.

#### 1.6 **Temporary Disqualification of Directors**

The following are grounds for temporary disqualification of incumbent directors:

- 1.6.1 Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing Rules and Regulation. This disqualification shall be in effect as long as his refusal persists;
- 1.6.2 Absence or non-participation for whatever reason in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors, 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. This disqualification applies for purposes of the succeeding election;
- 1.6.3 Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- 1.6.4 Being under preventive suspension by the Corporation for any reason; and
- 1.6.5 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
- 1.6.6 If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final

Temporary disqualification shall be at the discretion of the Board and shall require a resolution of a majority of the Board.

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 reason, the disqualification shall become permanent.

#### 1.7 **Independent Directors**

Independent directors must be independent of management and, apart from their fees and shareholdings, are free from any business or other relationship with the Corporation, which will or will reasonably be perceived to, materially interfere with their exercise of their independent judgment in carrying out their responsibilities.

An independent director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the corporation, management or controlling shareholder at the time of his election or appointment and/or re-election as a director. Each independent director shall serve for a maximum cumulative term of nine (9) years, after which, the independent director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Corporation intends to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual stockholders' meeting.

An independent director includes, among other person, one who:

- 1.7.1 Is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the Corporation;
- 1.7.2 Is not, and has not been in the three (3) years immediately preceding the election, a director of the Corporation; a director, officer, or employee of the Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation's substantial shareholders and its related companies;
- 1.7.3 Has not been appointed in the 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 (3) years immediately preceding his election;
- 1.7.4 Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates, related companies or any of its substantial shareholders. If the beneficial security ownership of an independent director in the Corporation or in its related companies exceeds two percent (2%), the Corporation shall cease to consider him as an independent director until the beneficial security ownership of the director is reduced to two percent (2%) or lower;
- 1.7.5 Is not a relative of a director, officer, or substantial shareholder of the Corporation, or any of its related companies or of any of its substantial shareholders. For this purpose, the term "relative" includes the spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- 1.7.6 Is not acting as a nominee or representative of any director, officer, executive or substantial shareholder of the Corporation, or any of its related companies or any of its substantial shareholders;
- 1.7.7 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 shareholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- 1.7.8 Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholders, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election; or
- 1.7.9 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 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;
- 1.7.10 Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and

- 1.7.11 Is not employed as an executive officer of another company where any of the Corporation's executives serve as directors.

When used in relation to the foregoing paragraphs, "related company" means another company that is: (a) the Corporation's holding/parent company, (b) its subsidiaries, and (c) subsidiaries of its holding/parent company; and "substantial shareholder" means any other person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

#### **1.8 Policy on Multiple Board Seats**

A director shall exercise due discretion in accepting and holding directorships outside of the Corporation. A director may hold any number of directorships outside the Corporation provided that, in the director's opinion, these other positions do not detract from the director's capacity to diligently perform his duties as a director of the Corporation.

#### **1.9 Board Meetings and Quorum Requirements**

Members of the Board should attend regular and special meetings of the Board in person or via teleconference or videoconference or by any other technological means allowed by the Commission.

#### **1.10 General Responsibility of the Board for Good Governance**

- 1.10.1 Each member of the Board shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and its shareholders.
- 1.10.2 A director's office is one of trust and confidence. He should act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He should exercise leadership, prudence and integrity in directing the Corporation towards sustained progress over the long term.
- 1.10.3 Compliance with the principles of good governance shall start with the Board of Directors. It shall be 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 interest of its stockholders and other stakeholders.
- 1.10.4 To ensure good governance of the Corporation, the Board should formulate the Corporation's vision, mission, objectives, strategies, policies and procedures that shall guide its activities and accordingly monitor the implementation of the same.
- 1.10.5 Consistent with a director's three-fold duty of obedience, diligence and loyalty to the Corporation, a director shall:
- 1.10.5.1 Act within the scope of power and authority of the Corporation and the Board, as prescribed in the Corporation's Articles of Incorporation, By-Laws and in existing laws, rules and regulations;
  - 1.10.5.2 Exercise their best care, skill and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Corporation; and
  - 1.10.5.3 Act in the best interest of the Corporation and for the common benefit of the Corporation's stockholders and other stakeholders.

#### **1.11 Specific Duties of the Board of Directors**

To ensure a high standard of best practice on governance for the Corporation and to promote and protect the interest of the Corporation, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- 1.11.1 Install a process of selection to ensure a mix of competent Directors and Officers each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, and adopt an effective succession planning program for the Board and Management;
- 1.11.2 Elect the Chief Executive Officer, President and other officers that comprise the management team. The Board has the responsibility of monitoring and assessing the performance of the Corporation's Management;
- 1.11.3 Adopt a professional development program for Officers and succession planning for Corporate Executives;
- 1.11.4 Determine or validate the Corporation's purpose, its vision, mission and strategies to carry out its objectives;
- 1.11.5 Adopt a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and, which should allow for a feedback mechanism from the stockholders;
- 1.11.6 Conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.
- 1.11.7 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
- 1.11.8 Ensure proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies;
- 1.11.9 Ensure that the Corporation complies with all relevant laws, rules and regulations, and codes of best business practices;
- 1.11.10 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 through an effective investor relations program;
- 1.11.11 Adopt a system of internal checks and balances and regularly evaluate the applicability thereof under changing conditions;
- 1.11.12 Adopt a Board Charter that formalizes and clearly states the Board's roles, responsibilities and accountabilities in carrying out its fiduciary duties;
- 1.11.13 Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- 1.11.14 Ensure the continuing soundness, effectiveness and adequacy of the Corporation's internal control environment;
- 1.11.15 Properly discharge the functions of the Board by meeting regularly and give due consideration to the independent views during Board meetings, which meetings should be duly recorded in the minutes;
- 1.11.16 Keep the authority of the Board within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws, and in existing rules and regulations;
- 1.11.17 Approve items that are reserved for Board approval, such as, but not limited to:

- 1.11.17.1 Annual Reports and Financial Statements
- 1.11.17.2 Dividends
- 1.11.17.3 Financial Policies
- 1.11.17.4 Budget
- 1.11.17.5 Retirement Plan
- 1.11.17.6 Safety/Asset Integrity Matters
- 1.11.18 Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation;
- 1.11.19 Provide sound strategic policies and guidelines on key capital expenditures; establish programs that can sustain its long-term viability and strength; and periodically evaluate and monitor the implementation of such policies and strategies, including business plans, operating budgets and Management's overall performance;
- 1.11.20 Ensure that the Corporation complies with all relevant laws, regulation, and as far as possible, best business practices;
- 1.11.21 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 parent, and that of interlocking relationships by members of the Board;
- 1.11.22 Establish rules for an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities;
- 1.11.23 Oversee that there is an appropriate internal control system in place within the Corporation, including the setting up of a mechanism for monitoring and managing potential conflicts of interest of Management, Board and Stockholders. The Board shall also approve the Internal Audit Charter;
- 1.11.24 Oversee that there is a sound enterprise risk management framework implemented 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.
- 1.11.25 Appoint a Compliance Officer who shall have a rank of at least Vice-President. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer; and
- 1.11.26 Perform such other functions that may be required under existing laws, issuances and regulations.

#### **1.12 Specific Responsibilities of each Director**

In addition to the duties and responsibilities of a Director set forth in the Corporation's By-Laws and existing relevant statutes, a director shall have the following functions:

- 1.12.1 Conduct business transactions with the Corporation fairly, ensuring that personal interest does not affect his and the Board's independent judgment;
- 1.12.2 Devote time and attention necessary to properly discharge his duties and responsibilities. A director should attend and actively participate in Board meetings;

- 1.12.3 Act judiciously on matters brought before the Board of Directors, thoroughly evaluating the issues involved, asking questions and seeking clarifications as appropriate, before making any decision;
- 1.12.4 Exercise independent judgment. A director should review each problem or situation objectively and support plans and ideas that he believes are beneficial to the Corporation;
- 1.12.5 Possess a working knowledge of the statutory and regulatory requirements affecting the Corporation. This includes a firm knowledge of the Corporation's Articles of Incorporation, By- Laws, the requirements of the PSE and the SEC for the conduct of the Corporation's business, and where applicable, the requirements of the other regulatory agencies that have jurisdiction over the Corporation;
- 1.12.6 Observe confidentiality on non-public information acquired by reason of his position as a Director. He should not disclose any information to any other person without authority of the Board.
- 1.12.7 Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. Each director is responsible for assuring that actions taken by the Board maintain the adequacy of the control environment within the Corporation.
- 1.12.8 Prior to assuming office, attend an orientation program/seminar on corporation governance for first-time directors and the relevant annual continuing training for all directors, which shall be conducted by a recognized private or government institution, unless such director has already attended similar training. If necessary, the Corporation shall allocate funds for this purpose.

#### **1.13 Compensation and Liability Insurance Coverage of Directors**

- 1.13.1 The Board of Directors shall determine a level of remuneration for Directors that shall be sufficient to attract and retain directors and compensate them to attend the meetings of the Board and Board Committees, and perform the responsibilities and assume certain risks as a Board member. The compensation, which may be in the form of cash remuneration and/or stock option plans, shall be fixed by way of a resolution of the Board of Directors. The Board of Directors may provide that only non-executive directors shall be entitled to such compensation.
- 1.13.2 From the effective date of this Manual, no director shall be involved in deciding his own remuneration during his incumbent term.
- 1.13.3 The Corporation, to ensure effectiveness of holding directors accountable and to attract competent persons as directors, may purchase at its own expense liability insurance coverage for its directors.

## **2. BOARD COMMITTEES**

### **2.1 List of Committees**

To aid in ensuring the compliance with the principles of sound corporate governance and in accordance with the Corporation's By-Laws, the Board may create such committees as it may deem necessary to support it in the effective performance of its functions and to aid in good governance. As a minimum, however, the Board shall be supported by the following committees:

- 2.1.1 Executive Committee
- 2.1.2 Audit Committee
- 2.1.3 Nomination Committee
- 2.1.4 Corporate Governance Committee
- 2.1.5 Board Risk Oversight Committee
- 2.1.6 Related Party Transactions Committee



The Board, however, may create and constitute such other committees, as it may deem necessary. Any such newly constituted committee shall have such authority and responsibilities and shall perform such duties as the Board may prescribe. If any of above-listed committees are not established, the functions of these committees may be carried out by the whole board or by any other committee.

The Committees shall likewise report to the Board in such manner as the Board may require.

## **2.2 Charter Requirement**

Each Board Committee shall have a separate Charter, which shall define and govern, among other matters, the objectives, composition, membership qualifications and disqualifications, duties and responsibilities, conduct of meetings, standards for evaluating the performance of the Committee, and procedure for escalation to the Board of decisions of such Board Committee as provided in this Manual and the Corporation's Articles of Incorporation and By-Laws. The Charters shall be fully disclosed on the Corporation's website.

The Board shall approve the respective Charters of the Board Committees, which can only be amended, altered or varied through a Board action approving such amendment, alteration or variation.

Each Board Committee shall report or submit to the Board a summary of the actions taken by such Committee pursuant to the terms of their respective charters.

## **2.3 General Duties and Functions of Board Committees**

The general duties and functions of different Committees are set forth as a general guide in their respective operations, without prejudice to the promulgation of specific duties and internal committee protocols in their respective Charters duly-approved by the Board.

## **2.4 Executive Committee**

2.4.1 The Board shall appoint from among its members an Executive Committee composed of not less than three (3) members, which shall include the President, a majority of whom shall be citizens of the Philippines, and shall designate one of such members as Chairman of the Executive Committee. The proportion of non-Filipino nationals to citizens of the Philippines in the membership of the Executive Committee shall not at any time exceed the proportion that the number of shares of the Corporation held by aliens bears to the number of shares of the Corporation held by citizens of the Philippines as set forth in its Articles of Incorporation.

2.4.2 The Executive Committee, in accordance with the authority granted by the Board or during the absence of the Board, shall act by majority vote of all its members on such specific matters within the competence of the Board of Directors as may from time to time be delegated to the Executive Committee in accordance with the Corporation's By-Laws, except with respect to:

- 2.4.2.1 approval of any action for which shareholders' approval is also required;
- 2.4.2.2 the filling of vacancies in the Board or in the Executive Committee;
- 2.4.2.3 the amendment or repeal of By-Laws or the adoption of new By-laws;
- 2.4.2.4 the amendment or repeal of any resolution of the Board of Directors which by its terms is not so amendable or repealable;
- 2.4.2.5 the distribution of cash dividends; and
- 2.4.2.6 the exercise of powers delegated by the Board exclusively to other committees, if any.

A majority of all the members of the Executive Committee shall constitute a quorum. The Executive Committee shall fix its own rules of procedure. An act of the Executive Committee, which is within the scope of its powers, shall not require ratification or approval for its validity and effectivity, provided, however, that the Board of Directors may at any time enlarge or redefine the powers of the Executive Committee. All actions of the Executive Committee shall be reported to the Board of Directors at the meeting thereof following such action and shall be subject to

revision or alteration by the Board of Directors, provided that no rights or acts of third parties shall be affected by any such revision or alteration.

## **2.5 Nomination Committee**

The Nomination Committee shall be composed of at least three (3) members including one (1) independent director. The Committee shall have the following functions:

- 2.5.1 Determine the nomination and election process for the Corporation's directors, define the general profile of board members that the Corporation may need, and ensure appropriate knowledge, competencies and expertise that complement the existing skill of the Board;
- 2.5.2 Encourage the selection of competent directors, each of whom can add value and create independent judgment as to the formulation of sound corporate strategies and policies;
- 2.5.3 Review and evaluate the qualifications of all persons nominated to positions in the Corporation, which require appointment by the Board; and
- 2.5.4 Perform such other duties and responsibilities that may be delegated to the Committee by the Board from time to time.

## **2.6 Audit Committee**

- 2.6.1 There shall be an Audit Committee composed of at least three (3) non-executive directors, the majority of whom, including the Chairman, should be independent directors. The primary function of the Audit Committee is to enhance the Board's oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. Each member must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.
- 2.6.2 The Audit Committee is expected, through the provisions of checks and balances, to bring positive results in supervising and supporting the management of the Corporation. The committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective, and efficient internal control framework. It shall have the following duties and responsibilities:
  - 2.6.2.1 Recommend to the Board the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and provides for the audit plan, the procedure and policies that will apply to the entire organization, as well as oversee the implementation of the IA Charter;
  - 2.6.2.2 Set up an Internal Audit Department and consider the appointment of the Chief Audit Executive; establish and identify the reporting line of the Chief Audit Executive so that the reporting levels allow the internal audit activity to fulfill its responsibilities;
  - 2.6.2.3 Monitor and evaluate, through the Internal Audit Department, the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets;
  - 2.6.2.4 Oversee the Internal Audit Department, recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive, and approve the terms and conditions for outsourcing internal audit services;
  - 2.6.2.5 Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities;

- 2.6.2.6 Check all financial reports against its compliance with the IA Charter, pertinent accounting standards, laws, rules and regulations;
- 2.6.2.7 Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
- 2.6.2.8 Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- 2.6.2.9 Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management. This function shall include receiving from senior management periodic information on risk exposures and risk management activities;
- 2.6.2.10 Ensure that the Internal Auditor has free and full access to all of the Corporation's records, properties and personnel relevant to and required by its function and that the IA activity shall be free from interference in determining its scope, performing its work and communicating its results;
- 2.6.2.11 Perform oversight functions over the Corporation's Internal and External Auditors to ensure the independence of the 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;
- 2.6.2.12 Pre-approve all audit plans, scope and frequency before the conduct of external audit;
- 2.6.2.13 Discuss with the External Auditor before the audit commences the nature and scope of the audit, and ensure cooperation where more than one audit firm is needed;
- 2.6.2.14 Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following:
  - 2.6.2.14.1 a definitive timetable within which the accounting system of the Corporation will be compliant with International Accounting Standards; and
  - 2.6.2.14.2 an accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task;
- 2.6.2.15 Receive and review reports of the Internal and External Auditors and regulatory agencies, where applicable, and ensure that Management is taking appropriate corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies;
- 2.6.2.16 Review the quarterly, half-year and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with the accounting standards, and compliance with tax, legal and stock exchange requirements;
- 2.6.2.17 Recommend and review the appointment, reappointment, removal and fees of the External Auditor and their remuneration;
- 2.6.2.18 Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review 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 to ensure that any non-audit work shall not conflict with the audit functions of the External

Auditor. The Annual Report and the Annual Corporate Governance Report of the Corporation must disclose the non-audit work.

The internal audit group of the Corporation will support the Audit Committee in the rendition of its functions.

The Audit Committee shall meet with the Board at least every quarter.

## **2.7 Corporate Governance Committee**

There shall be a Corporate Governance Committee composed of at least three members, all of whom should be independent directors, including the Chairman. The Committee shall assist the Board in the performance of its corporate governance responsibilities.

2.7.1 The Corporate Governance Committee shall have the following duties and responsibilities:

- 2.7.1.1 Oversee the implementation of the corporate governance framework and periodically review 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;
- 2.7.1.2 Oversee the periodic performance of the Board and its committees as well as executive management and conduct an annual self-evaluation of its performance;
- 2.7.1.3 Recommend continuing education/training programs for directors and assignment of tasks/projects to board committees, succession plan for the board members and senior officers and remuneration packages for corporate and individual performance;
- 2.7.1.4 Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- 2.7.1.5 Propose and plan relevant trainings for the members of the Board;
- 2.7.1.6 Establish 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; and
- 2.7.1.7 Disallow any director to decide his own remuneration during his incumbent term.
- 2.7.1.8 Annually evaluate this Manual and recommend to the Board the amendments to this Manual.

## **2.8 Board Risk Oversight Committee**

There shall be a Board Risk Oversight Committee composed of at least three members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee shall have relevant thorough knowledge and experience on risk and risk management. The Committee shall oversee the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness.

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

- 2.8.1.1 Develop 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, process and measures;

- 2.8.1.2 Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee;
- 2.8.1.3 Conduct regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assess how the concerned units or offices are addressing and managing these risks;
- 2.8.1.4 Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness;
- 2.8.1.5 Advise the Board on its risk appetite levels and risk tolerance limits;
- 2.8.1.6 Review, at least annually, the Corporation'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 Corporation;
- 2.8.1.7 Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence;
- 2.8.1.8 Receive regularly information on risk exposures and risk management activities from Management and provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation; and
- 2.8.1.9 Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures and the actions taken to reduce the risks, and recommend further action or plans, as necessary.

The Corporation, when necessary, shall establish a separate risk management function to identify, assess, and monitor key risk exposures.

The Chief Risk Officer manages the Corporation's Risk Management System, communicates the top risks and status of implementation of risk management strategies and action plans to the Board Risk and Oversight Committee, collaborates with the Chief Executive Officer in updating and making recommendations to the Board Risk and Oversight Committee, suggests Enterprise Risk Management policies, and provides insights on: performance of risk management processes, review by risk owners of risk measures reported, and compliance with the established risk policies and procedures.

Activities under the risk management function includes, among others:

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

- 2.1.1.7 Monitoring and evaluating the effectiveness of the organization's risk management processes.

There should be clear communication between the Board Risk Oversight Committee and the Chief Risk Officer.

## **2.2 Related Party Transactions Committee**

There shall be a Related Party Transactions Committee composed of at least three (3) non-executive directors, two of whom should be independent directors, including the Chairman. The committee is primarily tasked to review all material related party transactions of the Corporation.

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

- 2.2.1.1 Evaluate 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;
- 2.2.1.2 Evaluate 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 Corporation 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 taking into consideration the following:
  - a. Related party's relationship to the Corporation and interest in the transaction;
  - b. Material facts of the proposed RPT, including the proposed aggregate value of the transaction;
  - c. Benefits to the Corporation of the proposed RPT;
  - d. Availability of other sources of comparable products or services; and
  - e. 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.
- 2.2.1.3 Establish an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- 2.2.1.4 Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest, which 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 Corporation's affiliation or transactions with other related parties;
- 2.2.1.5 Report to the Board, on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- 2.2.1.6 Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- 2.2.1.7 Oversee the implementation of the system of identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

## ARTICLE III: MANAGEMENT

### 1. General Responsibilities of Management

- 1.1. Management decides on the day-to-day affairs of the Corporation. It determines the Corporation's activities by putting the Corporation's targets in concrete terms and by formulating the basic strategies for achieving these targets. It also establishes the infrastructure for the Corporation's success by establishing the following mechanisms in its organization: i) legal and organizational structures that work effectively and efficiently in attaining the goals of the Corporation; ii) planning, control, and risk management systems that assess risks on an integrated cross-functional approach; iii) information systems that are defined and aligned with IT strategy and the business goals of the Corporation; iv) a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation.
- 1.2. Management is primarily accountable to the Board for the operations of the Corporation. As part of its accountability, it is also obliged to provide the Board with complete, adequate information on the operations and affairs of the Corporation in a timely manner.

### 2. Executive Officers of the Corporation

#### 2.1. Composition

The Executive Officers of the Corporation are the Chairman, the Vice-Chairman, the President and Chief Executive Officer, the Treasurer and/or Chief Finance Officer, and the Corporate Secretary. The Board of Directors shall appoint the Executive Officers. In addition:

- 2.1.1 The Board of Directors may appoint a Council or Board of Advisors composed of persons of integrity and reputation and who have distinguished themselves in the areas of business, industry, government and law;
- 2.1.2 The roles of the Chairman and Chief Executive Officer may be separable to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. The Corporation shall disclose the relationship between the Chairman and the CEO, if any, in its annual report to the Commission;
- 2.1.3 In cases where the Chairman is not independent and where the roles of the Chairman and the Chief Executive Officer are held by one person, the Board shall designate a lead director among the independent directors.

#### 2.2. Chairman of the Board

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

The Chairman of the Board shall, when present, preside at all meetings of the Board and shall advise and counsel the President. He shall have the following duties and responsibilities:

- 2.2.1 Ensure 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;
- 2.2.2 Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- 2.2.3 Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- 2.2.4 Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

2.2.5 Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and

2.2.6 Ensure that performance of the Board is evaluated at least once a year and discussed/followed up on.

The Chairman shall have such other responsibilities as the Board of Directors may impose upon him.

**2.3. Vice-Chairman**

In the absence of the Chairman of the Board, the Vice-Chairman shall preside at meetings of the Board.

**2.4. President**

The President shall have the following duties and responsibilities:

2.1.1 See that all orders and resolutions of the Board of Directors are carried into effect;

2.1.2 Submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs;

2.1.3 Report to the Board from time to time all matters within its knowledge, which the interest of the Corporation may require to be brought to their notice;

The President shall have such other responsibilities as the Board of Directors may impose upon him.

**2.5. Chief Executive Officer**

Minimum internal control mechanisms for Management's operational responsibility shall center on The Chief Executive Officer, being ultimately accountable for the Corporation's organizational and procedural controls. The Chief Executive Officer has the following roles and responsibilities:

2.1.4 Determine the Corporation's strategic direction and formulate and implement its strategic plan on the direction of the business;

2.1.5 Communicate and implement the Corporation's vision, mission, values and overall strategy, and promote any organization or stakeholder change in relation to the same;

2.1.6 Oversee the operations of the Corporation's industry and market and keep up-to-date with its core business purpose;

2.1.7 Direct, evaluate, and guide the work of the key officers of the Corporation;

2.1.8 Supervise the business, affairs, and properties of the Corporation; and its employees and officers;

2.1.9 Manage the Corporation's resources prudently and ensure a proper balance of the same;

2.1.10 Provide the Board with timely information and interface between the Board and the employees;

2.1.11 Build the corporate culture and motivate the employees of the Corporation; and

2.1.12 Serve as the link between internal operations and external stakeholders.

The Chief Executive Officer shall have such other responsibilities as the Board of Directors may impose upon him.



**2.6. Lead Director**

The Lead Director has sufficient authority to lead the Board in cases where Management has clear conflicts of interest. He shall have the following functions:

- 2.5.1 Serve as an intermediary between the Chairman and the other directors, when necessary;
- 2.5.2 Convene and chairs meetings of the non-executive directors;
- 2.5.3 Contribute to the performance of evaluation of the Chairman, as required; and
- 2.5.4 Serve as Chairman of the periodic meetings between and among the non-executive directors, 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.

**2.7. The Treasurer**

The Treasurer of the Corporation shall be in charge of the funds, securities, receipts and disbursements of the Corporation. He shall have the following functions:

- 2.5.5 Deposit or cause to be deposited all moneys and other valuable effects in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as the Board may from time to time designate;
- 2.5.6 Render an account to the President at least every quarter of the condition of the Corporation's funds and of all his transactions as the Treasurer;
- 2.5.7 Ensure that funds are available on a timely basis;
- 2.5.8 Optimize yields in temporary excess funds;
- 2.5.9 Provide relevant and timely capital market information; and
- 2.5.10 Ensure appropriate coverage and management of risk to resources.

The Treasurer shall have such other responsibilities as the Board of Directors may impose upon him.

**2.8. The Chief Finance Officer (CFO)**

The Board of Directors shall appoint the Chief Finance Officer. The CFO, who may also be the Treasurer of the Corporation, shall be responsible for the following:

- 2.6.1 Provide Management with accurate, relevant, timely operating and financial reports and analysis necessary for financial planning and strategy formulation, and monitor actual implementation of budgets, plans and programs towards the achievement of corporate goals;
- 2.6.2 Maintain the integrity of accounting records as the basis of financial statements and reports provided to management for decision-making and to government regulatory bodies in compliance with statutory requirements;
- 2.6.3 Promote investor confidence in the Corporation by addressing the various information requirements of the investing public and ensuring that all other legal reportorial obligations to various entities are complied with; and
- 2.6.4 Strengthen internal controls by monitoring compliance with policies; recommend to Management appropriate actions and changes in systems and procedures as necessitated by circumstances.

The Chief Finance Officer shall have such other responsibilities as the Board of Directors may impose upon him.

## **2.9. The Corporate Secretary**

The Corporate Secretary shall be a resident and citizen of the Philippines. He is expected to work fairly and objectively with the Board, Management, the stockholders and other stakeholders. He should be a separate individual from the Compliance Officer and should not be a member of the Board of Directors. He must possess organizational and interpersonal skills, and the legal skills of a chief legal officer. He must also have financial and accounting knowledge. The Corporate Secretary performs the following functions:

- 2.7.1 Serve as an adviser to the directors on their responsibilities and obligations;
- 2.7.2 Assist the Board, the board committees, and stockholders 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, its committees, and the stockholders to set agendas for those meetings;
- 2.7.3 Be fully informed and be part of the scheduling process of other activities of the Board;
- 2.7.4 Inform members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- 2.7.5 Attend all Board meetings, except when justifiable causes such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- 2.7.6 Keep custody and preserve the integrity of the minutes of the meetings of the Board, its committees and the stockholders, as well as other official records of the Corporation in a book kept for that purpose; furnish copies thereof to the Chairman, the President and other members of the Board, when appropriate;
- 2.7.7 Oversee the adequate flow of information to the Board prior to meetings;
- 2.7.8 Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advise the Board and the Chairman on all relevant issues as they arise;
- 2.7.9 Work fairly and objectively with the Board, management and stockholders and contribute to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- 2.7.10 Advise on the establishment of board committees and their terms of reference;
- 2.7.11 Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same;
- 2.7.12 Takes charge of the stock certificate book and such other books and papers as the Board may direct, unless the Corporation has appointed a Stock Transfer Agent;
- 2.7.13 Perform required administrative functions;
- 2.7.14 Oversee the drafting of the by-laws and ensure that they conform with regulatory requirements;
- 2.7.15 Assist the Chief Compliance Officer in the fulfillment of disclosure requirements to the Commission and the Philippine Stock Exchange, if applicable; and

2.7.16 Perform such other duties and responsibilities as may be provided by the Commission.

The Corporate Secretary shall have such other responsibilities as the Board of Directors may impose upon him. He shall annually attend a training on corporate governance.

The Board shall have separate and independent access to the Corporate Secretary.

## ARTICLE IV: GOVERNANCE POLICY ON CONFLICT OF INTEREST

The Corporation's Directors and Officers must hold the Corporation's interest supreme. They may not directly or indirectly derive any personal profit or advantage by reason of their position in the Corporation. They must promote the common interest of the Corporation and all its shareholders.

1. A conflict of interest exists when a director or an officer of the Corporation:
  - 1.1 Supplies or attempts to supply goods or services to the Corporation;
  - 1.2 Supplies or attempts to supply goods, services or information to an entity that competes with the Corporation;
  - 1.3 By virtue of his office, acquires or attempts to acquire for himself a business opportunity that should belong to the Corporation;
  - 1.4 Is offered or receives consideration for delivering the Corporation's business to a third party;
  - 1.5 Is engaged or attempts to engage in a business or activity which competes with or works contrary to the best interests of the Corporation.
2. Any actual or potential conflict of interest, which arises on the part of a director, should be fully disclosed and the concerned director should not participate in the deliberation and voting on the action to be taken to address the conflict. A director who has a continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board.
3. A contract of the Corporation with one or more of its directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:
  - 3.1 The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
  - 3.2 The vote of such director was not necessary for the approval of the contract;
  - 3.3 The contract is fair and reasonable under the circumstances;
  - 3.4 In case of an officer, the contract has been previously approved by the Board of Directors.

Where any of the first two conditions set forth in the preceding paragraph is absent, in the case of a contract with the director, such contract shall be ratified by the vote of stockholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; provided that full disclosure of the adverse interest of the director involved is made at such meeting; and provided further, that the contract is fair and reasonable under the circumstances.

4. Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the director must account to the latter for all such profits by refunding the same, unless his act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable notwithstanding the fact that the director risked his own funds in the venture.
5. The foregoing is without prejudice to the Corporation's existing Rules or Code of Conduct for its officers, employees and staff.

## ARTICLE V: AUDIT AND COMPLIANCE

### 1. Internal Audit

- 1.1 The Internal Audit Group shall provide independent and objective assurance and advisory services to the Corporation designed to add value and improve on the organization's operations. It shall provide the Board, Management and the stockholders with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with. It shall review, audit and report on, among others, the effectiveness of the system of organizational controls, taking into account the nature and complexity of the business and the business culture; the volume size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.
- 1.2 It shall perform its auditing function faithfully by maintaining independence from the management and controlling shareholders.
- 1.3 The Chief Audit Executive shall be the head of the Internal Audit Group. The Chief Audit Executive shall preferably be a Certified Public Accountant and/or a Chief Internal Auditor and shall report to the Audit Committee of the Board of Directors.
- 1.4 The Internal Auditors shall report that their activities are conducted in accordance with the Standards for the Professional Practice of Internal Auditing, otherwise, the Chief Audit Executive shall disclose to the Board and Management that it has not yet achieved full compliance with the standards of the professional practice of internal auditing.
- 1.5 The Corporation's internal audit activity may be a fully resourced activity housed within the organization or may be outsourced to qualified independent third-party service providers.
- 1.6 The Corporation shall, when necessary, have a qualified Chief Audit Executive appointed by the Board. The Chief Audit Executive 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, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity. The Chief Audit Executive shall report functionally to the Audit Committee and administratively to the Chief Executive Officer. The Chief Audit Executive shall have the following duties and responsibilities, among others:
  - 1.6.1 Review periodically the internal audit charter and present it to senior management and the Board Audit Committee for approval;
  - 1.6.2 Establish 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;
  - 1.6.3 Communicate 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;
  - 1.6.4 Spearhead the performance of the internal audit activity to ensure it adds value to the organization;
  - 1.6.5 Report periodically to the Audit Committee on the internal audit activity's performance relative to its plans; and
  - 1.6.6 Present findings and recommendations to the Audit Committee and give advice to senior management and the Board on how to improve internal processes.
- 1.7 The internal audit shall have the following functions, among others:

- 1.7.1 Provide 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 promoting the right values and ethics, ensuring effective performance management and accounting in the organization, communicating risk and control information, and coordinating the activities and information among the Board, external and internal auditors, and Management;
- 1.7.2 Perform regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;
- 1.7.3 Perform consulting and advisory services related to governance and control as appropriate for the organization;
- 1.7.4 Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- 1.7.5 Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Corporation;
- 1.7.6 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;
- 1.7.7 Evaluate specific operations at the request of the Board or Management, as appropriate; and
- 1.7.8 Monitor and evaluate governance process.

## **2. External Audit**

- 2.1 The Board, through the Audit Committee, shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which the financial statements have been prepared and presented.
- 2.2 The External Auditor shall have the following duties and responsibilities:
  - 2.2.1 Perform fair audit independently of the Corporation, Management and the controlling shareholders in order to maintain confidence in the Corporation's accounting information;
  - 2.2.2 Check whether any fact contradicts the audit results in the information disclosed regularly with the audited financial statements, and demand correction, if necessary;
  - 2.2.3 Attend the annual stockholders' meeting and answer any question on audit reports and themselves, their work and their remuneration;
  - 2.2.4 Perform such other functions as may be approved by the Board in its engagement of the auditor, provided, however, that non-audit work shall not be in conflict with the function of the auditor as external auditor.
- 2.3 The External Auditor shall be rotated every five (5) years or earlier, or the handling partner shall be changed.
- 2.4 The reasons for the resignation, dismissal, or cessation from service and the date thereof of an external auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles, financial statement disclosure or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused making reference to the subject matter of the disagreement in connection with its reports.

- 2.5 If an external auditor believes that the statement made in the annual reports, information statement or proxy statement filed during his engagement are incorrect or incomplete, he shall also present his views on the said reports.

### **3. Compliance System**

To ensure adherence to corporate principles and best practices, the Board shall appoint 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 should annually attend a training on corporate governance.

The Compliance Officer is a member of the Corporation's Management in charge of compliance function. He is primarily liable to the Corporation and its stockholders, and not to the Chairman or President of the Corporation.

The Compliance Officer shall perform the following duties and responsibilities:

- 3.1 Operationalize and monitor compliance with the provisions and requirements of this Manual;
- 3.2 Ensure proper onboarding of new directors (i.e., orientation on the Corporation's business, charter, articles of incorporation and by-laws, among others);
- 3.3 Monitor, review, evaluate and ensure the compliance by the Corporation, its officers and directors with the relevant laws, the Code of Corporate Governance for Publicly-Listed Companies, rules and regulations and all governance issuances of regulatory agencies;
- 3.4 Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
- 3.5 Ensure the integrity and accuracy of all documentary submissions to regulators;
- 3.6 Appear before the SEC when summoned in relation to compliance with the Code of Corporate Governance for Publicly-Listed Companies and for any matters that the Commission may require clarification of;
- 3.7 Submit a certification to the SEC on or before January 30 of each year on the extent of the Corporation's compliance with this Manual for the previously completed year, explaining the reasons for the letter's deviation from the same, unless the same is not required by Commission;
- 3.8 Provide the Commission, if applicable, at the end of every fiscal year with a sworn certification that the Corporation has complied with the requirement for independent directors and their attendance at meetings in accordance with Sec. 11(7) of SEC Memorandum Circular No. 2. The certification may be submitted with the Corporation's current report (SEC Form 17-1) or on a separate filing;
- 3.9 Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- 3.10 Identify, monitor and control possible areas of compliance issues and risks, and work towards the resolution of the same;
- 3.11 Ensure the attendance of board members and key officers to relevant trainings;
- 3.12 Determine violations of this Manual and create a system for giving due notice, hearing, and due process for dealing with violations of this Manual;
- 3.13 Recommend the penalties for violations of this Manual, for further review and approval of the Board; and
- 3.14 Perform such other duties and responsibilities as may be provided by SEC.

The appointment of the Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to the said Officer.



## ARTICLE VI: COMMUNICATION AND INFORMATION

### 1. Disclosure Requirements of the Corporation

The Corporation shall:

- 1.1 Establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to stockholders and other stakeholders that gives a fair and complete picture of the Corporation's financial condition, results and business operation;
- 1.2 The Corporation shall formulate policies on maintaining an active digital presence to ensure effective communication and engagement with shareholders and other stakeholders. The corporation may conduct webinars, virtual town halls, and other online events to provide updates on corporate developments, strategic initiatives, and industry trends. Additionally, the Corporation may leverage on its company website or social media platforms to engage with shareholders and other stakeholders, share company news, and gather feedback; (As amended on February 11, 2025)
- 1.3 The Corporation shall oversee the development of educational initiatives aimed at enhancing shareholder and stakeholder understanding of the company's business and the broader technological landscape. These initiatives may include webinars, workshops, whitepapers, and other educational content that provide valuable insights and promote informed decision-making among stakeholders. The company shall ensure that educational materials are accessible, accurate, and relevant to the needs of its diverse stakeholder base; (As amended on February 11, 2025)
- 1.4 The Corporation shall implement mechanisms for regular feedback loops to gather input from its stakeholders in ensuring that their voices are heard and considered in decision-making. These efforts shall be part of the company's broader commitment to transparency, customer satisfaction, and continuous improvement, supporting the protection of stockholders' interests by fostering a loyal and engaged customer base; (As amended on February 11, 2025)
- 1.5 The Corporation shall take an active role in showcasing the leadership and expertise of its members and executive management. The Corporation shall highlight the strategic vision, industry knowledge, and professional accomplishments of its leaders in communications with stakeholders. This shall include regular updates from the Board and management on key initiatives, challenges, and opportunities facing the company; (As amended on February 11, 2025)
- 1.6 Establish a policy requiring all directors and officers to disclose/report to the Corporation any dealings in the Corporation's shares within three (3) business days;
- 1.7 Provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, the level and mix of the same, the remuneration on an individual basis, termination and retirement provisions in the Annual Corporate Governance Report;
- 1.8 Disclose material or significant RPTs reviewed and approved during the year in the Annual Corporate Governance Report;
- 1.9 Circulate press releases, or hold media and analysts' briefings to ensure timely and accurate dissemination of public, material and relevant information to its stockholders and other investors; and
- 1.10 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.

### 2. Management's Responsibility for Information

- 2.1 Management is primarily responsible to the Board for financial reporting and control, and to this extent, shall;
  - 2.1.1 Report an assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
  - 2.1.2 Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their responsibilities;

- 2.1.3 Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
- 2.1.4 Maintain a sound system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders.
- 2.1.5 Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examination cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance operation, information system, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operation safeguarding of assets, and compliance with laws, rules, regulation, and contracts;
- 2.1.6 Require the Chief Audit Executive to make an annual report to the Audit Committee on the internal audit department activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee of the Board. Such annual report should include significant risk exposures and control issues, and others that the Board and Senior Management may need.

- 2.1.7 Management shall be primarily responsible for the adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statement and documents, budget, forecast and monthly internal financial statements. Management should also disclose and explain to the Board any variance between projections and actual results.

### **3. The Investor Relations Function**

There shall be an Investor Relations Division within the Corporation, if applicable, which shall be tasked with:

- 3.1 The creation and implementation of an investor relations program that reaches out to all shareholders and fully informs them of corporate activities; and
- 3.2 The formulation of a clear policy on communicating or relaying relevant information to the Corporation's stockholders and to the broader investor community accurately, effectively and sufficiently.

### **4. Communication of this Manual**

This Manual shall be submitted to the Securities and Exchange Commission. It shall be available for inspection by any stockholder of the Corporation at its principal office during reasonable hours on a business day and shall be posted in the Corporation's website.

## **ARTICLE VII: STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST**

### **1. Stockholders' Right and Protection**

The Corporation recognizes that the most cogent proof of sound corporate governance is that which is visible to the eyes of its investors. Therefore, the provisions of this Section on stockholders' rights and protection shall serve as a guide for all internal and external parties, as a means of corporate governance covenant between the Corporation and all its stockholders.

### **2. Commitment to Respect Stockholders' Rights**

The Articles of Incorporation and all resolutions adopted by the Board establishing and designating series of serial preferred stock, fixing the number of shares to be included in each series and the rights, preferences and limitations of the shares of each series as filed with the Commission, which are deemed part of the Articles of Incorporation, shall lay down the specific rights and powers of stockholders with respect to the particular shares of stock they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

The Board shall be committed to respect the voting right, right to information, right to dividends and appraisal rights of the stockholders.

#### **2.1 Voting Right**

Owners of shares of common stock of the Corporation shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code, the Articles of Incorporation and the By-Laws.

At every meeting of the stockholders for the election of directors, owners of shares of common stock of the Corporation are entitled to one (1) vote for each share of common stock owned by him. He may vote such number of shares for as many persons as there are directors to be elected or to cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall think fit.

A director shall not be removed without cause if such removal will deny minority stockholders their representation in the Board.

**Shareholders have the right to nominate candidates for the Board by submitting a nomination letter to the Nomination Committee within the specified deadline, as approved by the Board and in accordance with the regulations set forth by the Commission and the Philippine Stock Exchange. The Nomination Committee shall conduct a thorough evaluation of each nominee based on predefined criteria and qualifications. Following this evaluation, the Committee shall endorse qualified candidates for final approval and ratification by the Board. (As amended on February 11, 2025)**

#### **2.2 Inspection Right**

All stockholders shall be allowed to inspect corporate books and records including minutes of board meetings and stock registries; provided that, such right may be denied by the Board if the requesting stockholder improperly used information secured from prior examination, or is not acting in good faith, or does not have a legitimate purpose for inspecting the records, or if the Board determines it necessary to safeguard the rights and legitimate interest of the Corporation, such as when the records to be inspected contain sensitive or confidential information or are covered by a confidentiality or non-disclosure obligation which will be breached by the Corporation if such records were made available for inspection.

#### **2.3 Right to Information**

Stockholders shall be provided, upon request, with periodic reports filed by the Corporation with the

Commission (e.g. proxy statement/information statement and annual report) which disclose personal or professional information about the Directors and Officers such as their educational and business background, holdings of the Corporation's shares, material transactions with the Corporation, relationship with other Directors and Officers and the aggregate compensation of Directors and Officers.

Subject to the provisions of the Corporation Code, the rules and regulations issued by the Commission in the implementation thereof and the By-Laws, the minority stockholders shall be granted the right to propose the holding of a meeting and to propose items in the agenda of such meeting, provided that such items are for legitimate business purposes. The determination of whether any proposed item in the agenda of the proposed meeting is for a legitimate business purpose shall rest solely upon the discretion of the Board.

#### **2.4 Right to Dividends**

The Corporation is authorized under Philippine laws to declare dividends, subject to certain requirements. The Board is authorized to declare dividends only from its unrestricted retained earnings and these dividends may be payable in cash, shares or property, or a combination thereof as may be determined by the Board. A cash or property dividend declaration does not require any further approval from shareholders; however, any declaration of stock dividends will be subject to approval of the Corporation's shareholders holding at least two-thirds (2/3) of the Corporation's outstanding capital stock. The Board may not declare dividends where to do so would impair its capital.

Upon declaration by the Corporation's Board of Directors and subject to the availability of the unrestricted retained earnings, the Corporation may declare dividends of at least thirty percent (30%) of the prior year's net income after tax based on its Audited Financial Statements, except: (i) when justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

In making a decision to declare dividends in the future, the Board may likewise take into account various factors, including:

- The level of the Corporation's cash, gearing, return on equity and retained earnings;
- The Corporation's financial condition at the end of the year, the year in respect of which the dividend is to be paid and the Corporation's expected financial performance;
- The Corporation's projected levels of capital expenditure and other investment plans; and
- Such other factors as the Board may deem appropriate.

#### **2.5 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, in any of the following instances:

- 2.5.1 In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term or corporate existence;
- 2.5.2 In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Corporation's property and assets; provided that, a sale or other disposition shall be deemed to cover substantially all of the corporate property or assets if thereby the Corporation would be rendered incapable of continuing the business or accomplishing the purpose for which it was organized;
- 2.5.3 In case of merger or consolidation; and

- 2.5.4 In case of investment of corporate funds in another corporation or business or for any other purpose other than the primary purpose for which the Corporation was organized and such investment is not reasonably necessary to accomplish the Corporation's primary purpose.

## **2.6 Duty To Promote Stockholders' Rights**

The Board shall promote the rights of the stockholders, remove any impediment to the exercise thereof and provide opportunities to obtain redress for the violation of such rights. The Board shall also encourage the exercise of stockholders' voting rights and the collective action towards the solution of problems through appropriate mechanisms.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be appraised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of the right to proxy voting shall not be unduly restricted. Any doubt on the validity of a proxy should be resolved in favor of the stockholders.

The Board shall likewise be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person. The Board shall pave the way for the electronic filing and distribution of stockholder information necessary to make informed decisions in accordance with applicable laws, rules and regulations.

To encourage active stockholder participation, the Board shall:

- 2.6.1 Send Notice of Annual and Special Stockholders' Meeting with sufficient and relevant information at least 28 days before the meeting;
- 2.6.2 Make the results of the votes taken during the most recent Annual or Special Stockholders' Meeting publicly available the next working day;
- 2.6.3 Post on the Corporation's website the minutes of the Annual or Special Stockholders' Meeting within five (5) business days from the end of the meeting

## **2.7 Duty To Promote Stakeholders' Rights**

To promote stakeholders' rights, the Board shall:

- 2.7.1 Identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability;
- 2.7.2 Establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders; and
- 2.7.3 Adopt a transparent framework and process that allow stakeholders to communicate with the Corporation and obtain redress for the violation of their rights

## **2.8 Encouraging Employees' Participation**

To encourage employees' participation, the Board shall:

- 2.8.1 Establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and governance;
- 2.8.2 Set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct, and disseminate the policy and program to employees across the organization through trainings to embed them in the Corporation's culture;

- 2.8.3 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.

## **2.9 Encouraging Sustainability and Social Responsibility**

**The Board of Directors shall ensure that the Corporation integrates Corporate Social Responsibility (CSR) into its business strategies and operations. The Corporation is committed to ethical business practices, sustainable development, and contributing positively to society.**

**The Board shall oversee the development and implementation of CSR initiatives that address environmental, social, and governance (ESG) concerns, ensuring that the company's CSR activities align with its long-term goals and stakeholder expectations. The Board shall regularly review the impact of CSR programs and disclose the company's efforts in its annual report. (As amended on February 11, 2025)**

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.

## **3. Alternative Dispute Resolution System**

The Board is responsible for establishing an alternative dispute resolution system to resolve intra-corporate disputes in an amicable and effective manner.

The alternative dispute resolution system of the Corporation may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Corporation and circumstances deem fit.

## **4. Establishment of an Investor Relations Office**

The Board shall establish an Investor Relations Office to ensure constant engagement with its stockholders. The Investor Relations Office serves as the avenue to receive feedback, complaints and queries from stockholders in order to assure their active participation.

## **5. Commitment to Disclose Material Information**

The Board shall, at all times, commit to fully and timely disclose all the material information and/or transactions that could potentially affect the market price of the Corporation's shares or the interest of its stockholders and other shareholders and such other information which are required to be disclosed pursuant to the Securities Code and its Implementing Rules and Regulations including, without limitation, earnings results, acquisition or disposal of significant assets, off balance-sheet transactions, Board membership changes, shareholdings of Directors and Officers and any changes thereto, and remuneration of Directors and Officers and related party transactions.

The Board shall therefor commit, at all times, to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate exchange mechanism for listed companies and submission to the Commission for the interest of its stockholders and other stakeholders.

### **5.1 Disclosure of Corporation's Corporate Governance Policies**

The reports or disclosure required under this Manual shall be prepared and submitted to the Commission by the responsible Board Committee or Officer through the Corporation's Compliance Officer.



## **ARTICLE VIII: PENALTIES FOR NON-COMPLIANCE WITH THIS MANUAL**

To strictly encourage observance and implementation of the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's Directors, Officers, Executives and employees in case of violation of any provision of this Manual:

1. For the first violation, the subject person shall be reprimanded;
2. For the second violation, the subject person shall be suspended from holding office; provided that the duration of such suspension shall be at the reasonable discretion of the Board depending on the gravity of the violation; and
3. For the third violation, the subject person shall be removed from office.

The willful commission of a third violation of any provision of this Manual by any Director, Officer, Executive or employee shall be a sufficient cause for removal from office of such Director, Officer, Executive or employee.

The Compliance Officer shall be responsible for determining violations, after notice and hearing, and shall recommend to the Chairman the imposable penalty for such violation, subject to further approval by the Board.

## **ARTICLE IX: REVIEW AND AMENDMENT OF MANUAL**

1. The provisions of this Manual and the enforcement thereof shall be subject to an annual review, unless otherwise stated by the Board.
2. All business processes and practices of any of the Corporation's departments or business units that are not consistent with any portion of this Manual shall be revoked.
3. This Manual is subject to review and amendment to take into account the Corporation's changing needs, prevailing conditions in the industry and regulatory requirements.

## ARTICLE X: ADOPTION AND EFFECTIVITY

The Board of Directors approved and adopted this Revised Manual on Corporate Governance on May 30, 2017. The provisions were effective on June 1, 2017.

This Revised Manual on Corporate Governance supersedes the previous Manual on Corporate Governance approved and adopted by the Corporation on December 7, 2011.

Amendments to this Revised Manual on Corporate Governance was approved, adopted and made effective on May 8, 2024.

**Amendments to this Revised Manual on Corporate Governance was approved, adopted and made effective on February 11, 2025.**

