COVER SHEET

1 9 5 6 8

S.E.C. Registration Number

PHINMA PROPERTY HOLDINGS

CORPORATION

(Company's Full Name)

PHINMA PROPERTIES CENTER

29 EDSA MANDALUYONG CITY 1550

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

CECILLE ARENILLO

Contact Person

8700388

Company Telephone Number

12 31

Month Day

Calendar Year

MANUAL ON

COR P. GOV. 2020

FORM TYPE

Any Business Day

in April

Annual Meeting

Secondary License Type, If Applicable

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = Pls. Use black ink for s A

Certification

I, **CECILLE B. ARENILLO, Compliance Officer** of **PHINMA Property Holdings Corporation** with SEC Registration Number **CS 201019568** with principal office at **PHINMA Properties Center, 29 EDSA, Mandaluyong City**, on oath state:

1) That on behalf of **PHINMA Property Holdings Corporation**, I have caused this **Manual on Good Corporate Governance** to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That **PHINMA Property Holdings Corporation** will comply with the requirements set forth in SEC Notice dated **June 24, 2020** for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this AUG 27 2020 day of August, 2020.

CECILLE B ARENILLO
Compliance Officer

SUBSCRIBED AND SWORN to before me this AUG 27 2020 day of _____, 2020 in Makati City, affiant exhibited her Passport No. EC5403293 issued on September 20, 2015 at DFA NCR South with expiration date of September 19, 2020.

NOTARY PUBLIC
ROLLY GRAVELLO
COMMISSION NO. M-204
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2020
12/F THE PHINMA PLAZA, 39 PLAZA DRIVE
ROCKWELL CENTER, MAKATI CITY
ROLL NO. 53693
PTR NO. 8127691; 1/8/2020; MAKATI CITY
IBP NO. 974819; 9/15/14 LIFETIME; BULACAN CHAPTER
MCLE Compliance No. V1-0021494

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Book No. 31
Series No. 2020

PHINMA PROPERTY HOLDINGS CORPORATION

MANUAL ON GOOD CORPORATE GOVERNANCE

AUGUST 2020

We, the Board of Directors and Management, i. e. officers and staff, of ***PHINMA PROPERTY HOLDINGS CORPORATION*** (the "Corporation") hereby commit ourselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

1 OBJECTIVE

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

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

2 COMPLIANCE SYSTEM

2.1. Compliance Officer

2.1.1. To ensure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall hold the position of a Senior Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer shall have reporting responsibilities to the Chairman of the Board in accordance with the procedure duly approved by the Board.

The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.

2.1.2 He shall perform the following duties:

- Monitor, review, evaluate and ensure compliance by the Corporation, its officers and directors with the relevant laws, the SEC Code of Corporate Governance for Public Companies, the Revised Code of Corporate Governance ("Code") and the rules and regulations and all governance issuances of regulatory agencies;

- Appear before the Securities and Exchange Commission upon summon on matters in relation to compliance with the Code;

- Determine violation/s of the Code and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

- Ensure the integrity and accuracy of all documentary and electronic submissions as may be allowed under SEC rules and regulations;

- Collaborate with other departments within the company to properly address compliance issues, which may be subject to investigation;

- Identify possible areas of compliance issues and works towards the resolution of the same;

- Ensure the attendance of board members and key officers to relevant trainings; and

- Perform such other duties and responsibilities as may be provided by the Board and SEC.

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

2.2. Plan of Compliance

2.2.1. Board of Directors

Compliance with the principles of good corporate 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 secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility and corporate objectives, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

2.2.1.1 Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members and shall have at least two (2) independent

directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The board members shall be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

2.2.1.2. General Responsibility

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

2.2.1.3 Specific Duties and Functions of the Board

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall:

- Install a process of selection to ensure a mix of competent directors and officers.
- Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives
- Provide sound strategic policies and guidelines to the corporation on major 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 the business plans, operating budgets and Management's overall performance.
- Require that the Corporation comply with all relevant laws, regulations and codes of best business practices.
- Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective communications program,

which shall be under the supervision of the Chief Executive Officer.

- 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.

- Adopt a Code of Business Conduct and Ethics, including an anti-corruption policy and whistle-blowing program, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees.

- Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential/actual conflicts of interest of board members, management, and shareholders/members.

- Ensure that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.

- Establish and maintain an alternative dispute resolution system for the amicable settlement of conflicts and differences among all stakeholders including the regulatory authorities.

- Appoint a Compliance Officer in accordance with the qualifications in this manual.

- Properly discharge Board functions by meeting regularly. Independent directors shall, as much as possible, attend all Board meetings. The Board may also require the presence of at least one independent director in its meetings to promote transparency.

- Independent views during Board meetings shall be given due consideration and all meetings shall be duly minuted.

- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and existing laws, rules and regulation.

- Define the clear delineation of roles, duties, and responsibilities of the Chair and the Chief Executive Officer as necessary, integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times. Proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives if the positions of Chair and CEO are unified.

- Require Management to provide the Board with complete, adequate and timely information about the matters to be taken in their meetings to enable the Board to properly fulfill their duties and responsibilities. The board shall also have independent access to Management and the Corporate Secretary including access to independent professional advice at the corporation's expense in furtherance of their duties and responsibilities.

- Make available to the company's stockholders, via multiple channels, 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.

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

- Ensure and adopt an effective succession planning program for directors, key officers and Management to ensure the continuous and consistent growth of the company. This should include adopting a retirement policy for directors and key officers.

- Align the remuneration of key officers and board members with the long-term interests of the company/organization.

- Approve the selection and assess the performance of the Management led by the Chief Executive Officer (CEO) or his equivalent, and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive, as may be applicable).

- Establish an effective performance evaluation framework, which includes the standard or criteria for assessment that will ensure that the Management, including the Chief Executive Officer or his equivalent, and personnel's performance is at par with the standards set by the Board and Senior Management.

- Establish a Customer Relations Office (CRO) or its equivalent to ensure constant engagement and communication with its shareholders/members. The CRO or its equivalent should be present at every shareholders'/members' meeting.

- Establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.

2.2.1.4. Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- To exercise that degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in an honest belief that the action was taken in the best interest of the Corporation.

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

- To act judiciously;

- To exercise independent judgment;

- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and

By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.

- To observe confidentiality;
- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.
- To conduct business transactions with the Corporation, if any, in a manner that is fair and ensures that personal interest does not bias Board decisions;
- To fully disclose material or potential interest in any transaction affecting the corporation, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction.
- To notify the Board thru the Corporate Secretary where he is an incumbent director before accepting a directorship in another company.

2.2.1.4 Duties and Responsibilities of the Chairperson

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

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

- Make certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;

- Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

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

- Make sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary.

2.2.1.5 Duties and Responsibilities of the Chief Executive Officer

The CEO has the following roles and responsibilities, among others:

- Implement the corporation's strategic plan on the direction of the business;

- Communicate and implement the corporation's vision, mission, values and overall strategy as formulated by the board and promote any organization or stakeholder change in accordance with the same;

- Oversee the operations of the corporation and manage human and financial resources in accordance with the strategic plan;

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

- Direct, evaluate and guide the work of the key officers of the corporation;

- Manage the corporation's resources prudently and ensure a proper balance of the same;

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

- Build the corporate culture and motivate the employees of the corporation; and

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

2.2.2. Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute standing committees which shall directly report to the Board in accordance with procedures duly approved by the Board.

2.2.2.1 Nomination and Governance Committee

The Board shall create a Nomination and Governance Committee which shall have at least three (3) Directors (one of whom must be independent). In carrying out its duties, the Nomination and Governance Committee may request the assistance of the HR Director/Manager of the Corporation.

2.2.2.1.1 Duties and Responsibilities

- 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 of operations and business strategy, as well as its business and regulatory environments;

- Oversee the periodic performance evaluation of the Board and its committees as well as the executive management, and conducts an annual evaluation of the said performance;

- Ensure that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

- Recommend the continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

- Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

- Propose and plan relevant trainings for the members of the Board;

- Determine the nomination and election process for the company's directors and defines the general profile of board members that the company may need , and ensures that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election;

- Review and evaluate the qualifications of all persons nominated to the Board, including whether candidates:

  (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors (NEDs), the independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile;

  (2) have a record of integrity and good repute;

  (3) have sufficient time to carry out their responsibilities; and

  (4) have the ability to promote a smooth interaction between board members.

- Pre-screen and shortlist all candidates nominated to become members of the board of directors in accordance with the following qualifications and disqualifications:

2.2.2.1.2 Subject to the pertinent provisions of the By-Laws on the disqualification of persons engaged in business antagonistic to that of the Corporation, the Nomination and Governance Committee, as part of the functions of the Nominations Committee, shall pre-screen and shortlist all candidates nominated to become members of the board of directors in accordance with the following qualifications and disqualifications:

Qualifications

- He shall be the holder of at least one (1) share of stock of the Corporation;

- He shall be at least a college graduate and shall have practical understanding of the business of the corporation;

- He shall be at least twenty one (21) years of age;

- He shall possess integrity and probity; and
- He shall be diligent.
- He shall possess previous business experience.

Permanent Disqualifications

The following may be considered as grounds for the permanent disqualification of a director:

- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas (BSP), or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasibank, trust company, investment house, or investment company or as an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.
- Any person who is (a) currently the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code of the Philippines, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP; (b) 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 him from membership, participation or association with a member or participant of the organization;

- Any person convicted by final judgment or by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

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

- Any person judicially declared as insolvent;

- Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above

- Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code of the Philippines and Securities Regulation Code committed within five years prior to the date of his election or appointment; and

- Other grounds as the SEC may provide pursuant to the provisions of the Revised Corporation Code of the Philippines, Securities Regulation Code and other related laws.

Temporary Disqualification

Any of the following shall be a ground for the temporary disqualification of a director:

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its

implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;

- Absence or non-participation without justification for 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 the 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;

- Dismissal, termination or removal 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 from any involvement in the cause that gave rise to his dismissal, termination or removal alleged irregularity;

- 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 shall be lifted if the limit is later complied with;

- Conviction that has not yet become final for any of the acts or violations referred to in the grounds for disqualification of directors.

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

An Independent Director refers to a person who, ideally:

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

- Is not, and has not been in the two (2) years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a

director, officer, employee of the covered company's substantial shareholders and its related companies;

- Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairperson "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 two (2) years immediately preceding his election;

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

- Is not a relative (i.e. spouse, parent, child, brother, sister and the spouse of such child, brother or sister) of a director, officer or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders;

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

- Is not a securities broker-dealer of listed companies and registered issuers of securities;

- Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the two (2) years immediately preceding the date of his election;

- Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment within the two (2) years immediately preceding the date of his election;

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

- Is not employed as an executive officer of another company where any of the covered company's executives serve as directors; and

A regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an independent director after a two (2) years "cooling-off" period.

The Board's independent directors should 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 same company, but may continue to qualify for nomination and election as a non-independent director.

In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justifications and seek shareholders' /members' approval during the annual shareholders' /members' meeting.

The Nomination and Governance Committee shall consider the following guidelines in the determination of the availability of a director to serve as such:

- the nature of the business of the corporations of which he is a director;
- age of the director;
- number of directorships/active memberships and officerships in other corporations or organizations;
- possible conflict of interest
- experience from other boards;
- experience as chief executive officer or chief operating officer;
- knowledge of finance;
- knowledge of accounting;
- knowledge of the industry of the Corporation;
- knowledge of the local and international market and strategic vision;
- contacts of value to the Corporation

Any optimum number of directorships shall be related to the capacity of a director to perform his duties diligently in general.

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

The findings and recommendations of the Nomination and Governance Committee shall be submitted to the Board for approval; provided that a director whose qualifications are in issue shall not have the right to vote when the Board considers his case.

2.2.2.2. Executive Compensation Committee

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

2.2.2.2.2 Duties and Responsibilities

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.

- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board of Directors.

- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties once hired.

- Disallow any director to decide his or her own remuneration.

- Provide in the Corporation's annual reports prescribed by the Commission, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year, consistent with the guidelines of the Commission.

- Review the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefit policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be met periodically in their respective posts.

- Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

2.2.2.3. Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for overseeing the Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The Audit and Risk Management Committee assists the Board in ensuring that there is an effective and integrated risk management process in place.

2.2.2.3.1 The Audit and Risk Management Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director who shall be the Chairman. Each member shall have at least adequate understanding of the Corporation's financial management systems and environment.

2.2.2.3.2 Duties and Responsibilities

- Check all financial reports against its compliance with both the internal financial management systems and pertinent accounting standards, including regulatory requirements.

- 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.

- Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.

- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation's annual report;

- Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal. The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services, if applicable;

- Recommend the approval of the Internal Audit (IA) Charter, which formally defines the responsibilities, powers and authority of the IA Department, the audit plan of the IA Department, as well as oversee the implementation of the IA Charter;

- Review the reports submitted by the internal and external auditors;

- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on any change/s in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards and compliance with tax, legal and regulatory requirements.

- Perform direct interface functions with the internal and external auditors.

- Ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel for the performance of their respective functions.

- Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:

  a. A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant.

  b. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.

- Develop a transparent financial management system to ensure the integrity of internal control activities throughout the company through a step-by-step procedure and policies handbook that will be used by the entire organization.

- Supervise, as directed by Management, the formulation of rules and procedures on financial reporting, internal control systems, internal audit examinations, compliance with financial reporting requirements and appointment of the external auditor in accordance with the guidelines under the revised Code for the benefit of all stockholders and other stakeholders.

- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;

- Monitor the Management's responsiveness to the Internal Auditor's findings and recommendations;

- Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than

one audit firm is involved in the activity to identify proper coverage and minimize duplication of efforts;

- Review the recommendations in the External Auditor's management letter;

- Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders;

- 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, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa);

- In case of the absence of a Related Party Transactions (RPTs) Committee, evaluates all RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied;

- Perform the functions of the Risk Oversight Committee in the absence thereof;

- Meet internally and with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meet with the head of the lnternal Audit.

- 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 and objectives, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

- Oversee the implementation of the Enterprise Risk Management plan

- Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness;

- Advise the Board on its risk appetite levels and risk tolerance limits;

- Review at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and major events which may have occurred in the company;

- Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence.

- Oversee the Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation; and

- Report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

2.3.3. The Corporate Secretary

2.3.3.1 The Corporate Secretary is an officer of the Corporation and must faithfully perform the duties of the office to the best of his ability. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity comes with his duties.

2.3.3.2 The Corporate Secretary shall be a Filipino citizen. The Corporate Secretary shall be a separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

2.3.3.3 Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.

2.3.3.4. Duties and Responsibilities

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.

- As to the agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.

- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations and work fairly and objectively with the Board, Management, stockholders and other stakeholders.

- Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents prevent him from doing so, and maintain record of the same.

- Submit to the Commission, not later than the 30th day of January, an annual certification as to the attendance of the directors during Board meetings signed by the Corporate Secretary and countersigned by the Chairperson of the Board of Directors

- Safekeep and preserve the integrity of the minutes of the meetings of the Board, Board committees and shareholders/members, as well as other official records of the corporation;

- Keep abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;

- Advise on the establishment of board committees and their terms of reference;

- Inform members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days before the date of the meeting, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

- Oversee the drafting of the by-laws and ensures that they conform with regulatory requirements; and

- Perform such other duties and responsibilities as may be provided by the Board and the Commission

2.3.4. External Auditor

2.3.4.1. The external auditor, through his designated role and responsibility, shall contribute to the enablement of good corporate governance as reflected in the financial records and reports of the Corporation. The external auditor shall undertake an independent audit which provides reasonable and objective assurance on the way the Corporation's financial statements have been prepared and presented. The external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee duly endorsed by the Board of Directors. The external auditor shall be required to stipulate his duties and responsibilities to the Corporation.

2.3.4.2. The reason/s 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 or practices, financial statement disclosure or auditing scope or procedure.

2.3.4.3 The external auditor of the Corporation shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.

2.3.4.4. The Corporation's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

2.3.4.5. If an external auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

2.3.5. Internal Auditor

2.3.5.1. The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and

faithfully complied with. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

2.3.5.2. The Audit Committee may require the Internal Auditor to periodically report to such Committee as may be necessary and submit its annual report on its activities, responsibilities and performance.

2.3.5.3. The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.

2.3.5.4. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of 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.

3 COMMUNICATION PROCESS

The company shall have a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.

3.1. This Manual shall be available for inspection by any stockholder of the Corporation at reasonable times on business days.

3.2. The Compliance Officer shall provide copies of the Manual to all directors, division and department heads, shall ensure a thorough dissemination of this Manual to all employees and related third parties, and shall enjoin compliance in the process.

3.3. An adequate number of printed copies of this Manual must be reproduced under the supervision of the HRD, with a minimum of at least one (1) hard copy of the Manual per department.

4 TRAINING PROCESS

The Company shall have a policy on the training of directors, including an orientation program for first-time directors.

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4.1 If necessary, funds shall be allocated by the Board, upon recommendation of the CFO or its equivalent officer for the purposes of conducting an orientation program or workshop to operationalize this Manual.

4.2 A director shall be required to attend a seminar on corporate governance

conducted by a duly recognized private or government institute, before assuming as such, or within a period of six (6) months from the date of his election. The orientation program shall cover SEC-mandated topics on corporate governance and includes an introduction to the company's business, Articles of Incorporation and By- laws, and Code of Business Conduct and Ethics.

5 REPORTORIAL OR DISCLOSURE SYSTEM OF THE CORPORATION'S CORPORATE GOVERNANCE POLICIES

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

5.2. All material information, i.e., anything that could potentially affect share price or adversely affect its viability or the interests of the stockholders, shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes of ownership.

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

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

5.5. The Board shall commit at all times to fully disclose material information. It shall cause the filing of all required information through the appropriate Exchange mechanisms and submissions to the Commission for the interest of its stockholders and other stakeholders.

6 SHAREHOLDERS' BENEFIT

The company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its investors:

6.1 INVESTORS' RIGHTS AND PROTECTION

Shareholders and members generally have the following rights, among others:

i. Right to participate in the approval of material corporate acts;

ii. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders'/Members ' Meeting;

iii. Right to nominate candidates to the Board of Directors/Board of Trustees;

iv. Right to be informed of the nomination and removal process; and

v. Right to be informed of the voting procedures that would govern the Annual and Special Shareholders'/Members' Meeting.

6.1.1 **Rights of Investors/Minority Interests**

The Board shall be committed to respect the following rights of the shareholders:

6.1.2 **Voting Right**

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

6.1.2.2 Cumulative voting shall be used in the election of directors.

6.1.2.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

6.1.3 **Pre-emptive Right**

All shareholders shall have pre-emptive rights in accordance with law, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be

protected by law so long as they shall not be in conflict with the Corporation Code.

6.1.4 **Power of Inspection**

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

6.1.5 **Right to Information**

6.1.5.1 The shareholders shall be provided, upon request, periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.

6.1.5.2 The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

6.1.5.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.

6.1.6 **Right to Dividends**

6.1.6.1 Shareholders shall have the right to receive dividends subject to the discretion of the Board.

6.1.6.2 The Corporation shall be compelled to declare dividends when its distributable retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) 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 c) 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.

6.1.7 **Appraisal Right**

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

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

- In case of merger or consolidation.

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

6.1.9 The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

7 MONITORING AND ASSESSMENT

7.1. Each Committee shall report regularly to the Board of Directors.

7.2 The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairperson, individual members and committees.

7.3 The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders/members.

7.4. The Compliance Officer shall establish an evaluation system to determine the measure of compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Manual.

7.5. This Manual shall be subject to periodic review by the Board.

7.7. All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

8 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

To strictly observe and implement the provisions of this Manual, the Board of Directors may impose the penalties, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation.

The commission of a grave violation of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

Adopted by the Board of Directors, August 9, 2002.
Paragraphs 2.1.2(4), 2.3.3.4(5), and 4.2 amendments approved by the Board on February 5, 2008
Paragraphs 2.1.2(1) to (3), 2.2.1(2), 2.2.1.1, 2.2.1.2, 2.2.1.3(3) to (4), (7) to (11), (13), (16) to (18), 2.2.2.1.1 (3), (8) to (10), (12) to (13), (18), (20), (22) to (24), 2.2.2.3.2(4) to (7), (9), (14), 2.3.3.4(4)&(6), 2.3.5(1)&(2), 5.2 and 6.1.9 amendments approved by the Board on March 25, 2011.
Paragraphs 2.2.1.3 (1) and (8), 2.2.2.3.2 (14), 2.3.3.4 (3) and 5 (2) amendments approved by the Board on August 5, 2014.
Amended to substantially adopt the 2019 SEC Code of Corporate Governance for Public Companies and approved by the Board on August 19, 2020.

OSCAR J. HILADO
Chairman of the Board

CECILLE B. ARENILLO
Compliance Officer