

GOVERNANCE STRUCTURE

A. Board of Directors

The Board of Directors (the “Board”) is primarily responsible for the governance of the Corporation and provides an independent check on management.

1. Composition of the Board of Directors

The Board shall be composed of at least five (5), but not more than nine (9), members who are elected by the Shareholders 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 shall adopt a policy on diversity which will aim to achieve a board composition that is diverse in knowledge, experience, competence and expertise.

The Board shall be composed of Executive and Non-Executive Directors, which include Independent Directors, majority of whom shall be Non-Executive Directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper check and balance.

2. Qualifications for or Disqualifications from Directorship

2.1. Qualifications of a Director

In addition to the applicable provisions of the Corporation Code, Securities Regulation Code, and other relevant laws the Articles of Incorporation and By-Laws of the Corporation, the following general guidelines shall be observed in the initial evaluation of Director-nominees to the Board:

- 2.1.1. He should own at least one (1) share of stock of the Corporation;
- 2.1.2. He must have a practical understanding of the business of the Corporation;
- 2.1.3. He shall have been proven to possess integrity and probity.

The Corporate Governance Committee, as defined under Article III-B (3), may consider and recommend to the Board other qualifications which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new law applicable to the Corporation.

2.2. Permanent Disqualification of a Director

Any of the following shall be a ground for the permanent disqualification of a Director:

2.2.1. Any person convicted by final judgment or order by a competent judicial or administrative body of any of the following:

- (i) 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;
- (ii) An offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iii) Any person who has been adjudged by final judgment or order of the Securities and Exchange Commission ("SEC"), Bangko Sentral ng Pilipinas (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 Securities Regulation Code, the Corporation Code, or any other law, rule, regulation or order administered by the SEC or BSP.

2.2.2. A person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, 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 a director or officer of a bank, quasi-bank, trust company, investment house or as investment company; or (c) engaging in or continuing any conduct or practice in any of the capacities mentioned above or willfully violating the laws that govern securities and banking activities;

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

regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or 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;

2.2.3. Any person judicially declared to be insolvent;

2.2.4. 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 listed in the foregoing paragraphs; and

2.2.5. 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 his election or appointment.

2.3. Temporary Disqualification of a Director

The Corporate Governance Committee may consider and recommend to the Board the temporary disqualification of a Director for any of the following reasons:

2.3.1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations;

2.3.2. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election;

2.3.3. Dismissal/termination for cause as Director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.

In the case of Par. 2.3.1, the temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

3. Responsibilities, Duties and Functions of the Board

3.1. General Responsibility of the Board

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

The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

The Board shall exercise care, skill and judgment and observe good faith and loyalty in the conduct and management of the business and affairs of the Corporation. The Board shall ensure that all its actions are within the scope of power and authority as prescribed in the Articles of Incorporation, By-Laws, and in existing laws, rules and regulations.

3.2. Duties and Functions of the Board

To ensure high standard for the Corporation, its Shareholders and other Stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- 3.2.1. Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all Stakeholders;
- 3.2.2. Oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures;
- 3.2.3. Oversee the adoption of an effective succession planning program and remuneration policies;
- 3.2.4. Adopt policies on board nomination and election that will ensure diversity in board composition in terms of knowledge, expertise and experience;
- 3.2.5. Oversee the implementation of a policy and system on RPTs which shall include the review and approval of material or significant RPTs and ensure fairness and transparency of the transactions;

- 3.2.6. Oversee the adoption of policies on the selection of Management and Key Officers and the assessment of their performance;
- 3.2.7. Oversee the establishment of an internal control system to monitor and manage potential conflicts of interest and an ERM framework to identify, monitor, assess and manage key business risks;
- 3.2.8. Annually review, together with Management, the Company's vision and mission;
- 3.2.9. Ensure the Corporation's faithful compliance with all applicable laws and regulations, and best business practices;
- 3.2.10. Establish and maintain an Investor Relations Program that will keep the Shareholders informed of important developments in the Corporation. The Corporation's CEO shall exercise oversight responsibility over this program;
- 3.2.11. 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;
- 3.2.12. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times;
- 3.2.13. Ensure that the Corporation has an independent audit mechanism for the proper audit and review of the Corporation's financial statements by independent auditors;
- 3.2.14. Ensure that the Corporation establishes appropriate Corporate Governance policies and procedures pursuant to this Manual and the Governance Code, including but not limited to, policies on conflict of interest, and oversee the effective implementation thereof; and
- 3.2.15. Consider the implementation of an alternative dispute resolution system for the amicable settlement of conflicts or differences between the Corporation and its Shareholders, if applicable.

4. Specific Duties and Responsibilities of a Director

A Director shall endeavor to act in the best interest of the Corporation its shareholders and stakeholders in a manner characterized by fairness, accountability, and transparency.

A Director shall observe the following norms of conduct:

- 4.1. Conduct fair and impartial business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation;
- 4.2. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities;
- 4.3. Act judiciously. Before deciding on any matter brought before the Board, a Director should carefully evaluate the issues and, if necessary, make inquiries and request clarification;
- 4.4. Exercise independent judgment. A Director should view each problem or situation objectively;
- 4.5. Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of relevant regulatory agencies;
- 4.6. Observe confidentiality. A Director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as Director; and
- 4.7. Have a working knowledge of the Corporation's control systems. A Director shall ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.
- 4.8. Disclose to the Philippine Stock Exchange (PSE) and the SEC the trading of the Corporation's shares by Directors, Officers (or persons performing similar functions) and controlling Shareholders. This shall also include the disclosure of the Corporation's purchase of its shares from the market (e.g. share buy-back program).

5. Internal Control Responsibilities of the Board

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

- 5.1. The internal control mechanisms for the performance of the Board's oversight responsibility may include:
 - 5.1.1. Definition of the duties and responsibilities of the CEO;
 - 5.1.2. Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
 - 5.1.3. Evaluation of proposed Senior Management appointments;
 - 5.1.4. Evaluation of appointments of Management Officers; and
 - 5.1.5. Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.
- 5.2. The Corporation's systems of effective organizational and operational controls shall be continuously developed and updated based on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
- 5.3. The Corporation shall establish an Internal Audit system that can provide assurance service to the Board, Management and Shareholders and ensure that key organizational and operational controls are in place. The Board shall appoint an Internal Audit Head to perform the Internal Audit function. The Internal Audit Head shall be guided by the Local and International Standards on Professional Practice of Internal Auditing.

6. Board Meetings and Quorum Requirement

- 6.1. The Board shall schedule meetings at the beginning of the year, and hold regular meetings in accordance with its By-Laws and convene special meetings when required by business exigencies.
- 6.2. The notice and agenda of the meeting and other relevant meeting materials shall be furnished to the Directors at least five (5) business days prior to each meeting, which meeting must be duly minuted.
- 6.3. The members of the Board shall attend regular and special meetings in person or through video/teleconferencing conducted in accordance with the rules and regulations of the SEC except for justifiable reasons that prevent them from doing so.
- 6.4. Independent Directors shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum

requirement. However, the Board may, to promote transparency, require the presence of at least one (1) Independent Director in all its meetings.

- 6.5. To monitor the Directors' compliance with the attendance requirements, the Corporation shall submit to the Commission, within five (5) business days from the end of the Corporation's fiscal year, an advisement letter on Directors' record of attendance in Board meetings.

7. Remuneration of Directors and Officers

Formal procedures for the development of a policy on the levels of remuneration for Directors and Officers shall be established by the Corporation.

The levels of remuneration shall be sufficient to be able to attract and retain the services of qualified and competent Directors and Officers.

No Director shall participate in deciding on his remuneration.

8. Directorships and Officerships in Other Corporations

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in publicly-listed corporation, ensuring however that the shareholders legal right to vote and be voted as directors remains inviolable.

- 8.1. Any limitation in the number of directorships outside of the Company as may be adopted by Corporation shall not include directorships in the Corporation's subsidiaries, affiliates, parent Company (if any), and affiliates and subsidiaries of such parent Company;
- 8.2. A Director shall notify the Board before accepting Directorship in another Company.

B. Board Committees

To aid in the optimal performance of its roles and responsibilities and ensure compliance with the principles of Corporate Governance, the Board shall form the following Board Committees: (a) Audit Committee (b) Board Risk Oversight Committee (BROC) and (c) Corporation Governance Committee. The Board may establish other Committees such as a RPT Committee as it may deem appropriate or necessary to support the Board in the effective performance of its functions.

1. Appointment of Members and Adoption of Committee Charter

1.1. Appointment of Members of the Board Committees

The Board shall appoint the members and chairman (from among the members) of each Board Committee annually.

1.2 Charter of the Board Committees

1.2.1 Each Board Committee shall have a Charter which shall define and govern, among other matters, its purposes, composition, membership and duties and responsibilities, conduct of meetings, and reporting processes.

1.2.2 The respective Charters of the Board Committee shall be approved by the Board and shall not be amended, altered, or varied unless the Board shall have approved such amendment, alteration or variation.

2. Audit Committee

2.1. Role of the Audit Committee

The role of the Audit Committee is to provide oversight over the Company's financial reporting, Internal Control System, Internal and External Audit processes, and monitor compliance with applicable laws and regulations. It shall ensure that systems and processes are put in place to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of business operations, and proper safeguarding and use of the Corporation's resources and assets.

2.2. Organization of the Audit Committee

2.2.1. The Audit Committee reports functionally to the Board.

2.2.2. The Audit Committee shall be composed of at least three (3) directors, at least one (1) of whom shall always be an Independent Director. The Board may consider appointing Non-Executive Directors to comprise majority membership of the Audit Committee. All members must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

2.2.3. The Board shall appoint an Independent Director as Chairman, of the Audit Committee.

2.3. Functions of the Audit Committee

The Audit Committee shall have the following functions:

- 2.3.1. Oversee the Internal Audit Department, and recommend the appointment and/or grounds for approval of the Internal Audit Head. The Audit Committee shall also approve the terms and conditions for the outsourcing of Internal Audit services if applicable;
- 2.3.2. Through the Internal Audit Department, monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets;
- 2.3.3. Review the Annual Internal Audit Plan to ensure its conformity with the objectives of the Corporation. The Plan shall include the audit scope, resources, and budget necessary to implement it;
- 2.3.4. Review the reports submitted by the Internal and External Auditors;
- 2.3.5. Review and monitor Management's responsiveness to Internal Audit's findings and recommendations;
- 2.3.6. 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;
- 2.3.7. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the proportion of non-audit fees paid to the External Auditor to the Corporation's overall consultancy expenses. The Committee shall evaluate if the non-audit work will create a potential conflict of interest and shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. If the non-audit work is allowed, this shall be disclosed in the Corporation's Annual Corporate Governance Report;
- 2.3.8. Review and approve the interim and Annual Financial Statements before their submission to the Board, with particular focus on the following:
 - Any change/s in accounting policies and practices;
 - Areas where significant amount of judgment has been exercised;
 - Significant Related Party Transactions;
 - Significant adjustments resulting from the audit;
 - Going concern assumptions;

- Compliance with accounting standards; and
 - Compliance with tax, legal, and regulatory requirements.
- 2.3.9. Review the disposition of the recommendations in the External Auditor's management letter;
- 2.3.10. Perform oversight functions over the Corporation's Internal and External Auditors. It shall ensure the independence of Internal and External Auditors, and that both auditors are given reasonable access to all material records, properties and personnel to enable them to perform their respective audit functions;
- 2.3.11. Recommend the appointment, re-appointment, removal and fees of the External Auditor; and
- 2.3.12. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process and monitoring of compliance with applicable laws, rules and regulations.

2.4. Meetings of the Audit Committee

- 2.4.1. The Audit Committee shall meet quarterly and as often as may be necessary. The Audit Committee may opt to meet without the presence of the CEO or other management team members, and periodically meet with the Internal Audit Head.
- 2.4.2. The notice and agenda for each meeting shall be circulated to all Audit Committee members at least five (5) business days before each meeting.
- 2.4.3. The Audit Committee may invite other Directors and Management Officers to attend any meeting.
- 2.4.4. The Audit Committee Chairman shall preside in all meetings of the Committee. In his absence, the members present shall elect from among themselves one member to preside over the particular meeting.
- 2.4.5. A quorum shall be present as long as an Independent Director is present or if at least a majority of the members of the Audit Committee is present. No business shall be transacted at any meeting unless a quorum is present.
- 2.4.6. The Audit Committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the Committee Secretary to record and keep minutes of meetings and other proceedings.

3. Corporate Governance Committee

3.1. Role of the Corporate Governance Committee

The role of the **Corporate Governance** Committee is to oversee the development and implementation of Corporate Governance principles and policies. The Corporate Governance Committee shall recommend a formal framework on the nomination, remuneration and evaluation of the performance of the Directors and key Management Officers to ensure that this framework is consistent with the Corporation's culture, strategies and the business environment.

3.2. Organization of the Corporate Governance Committee

- 3.2.1. The **Corporate Governance** Committee shall report directly to the Board.
- 3.2.2. The **Corporate Governance** Committee shall be composed of at least three (3) directors, one (1) of whom shall be an Independent Director. The Board may consider Independent Directors to comprise the membership of the Corporate Governance Committee, including the Chairman. The Board shall ensure that the members of the **Corporate Governance** Committee are appropriately qualified to discharge their responsibilities.
- 3.2.3. The **Board** shall appoint one of the members of the Corporate Governance Committee to be the Committee Chairman.

3.3. Functions of the Corporate Governance Committee

The **Corporate Governance** Committee shall have the following functions:

- 3.3.1. Oversee the implementation of a 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 the business and regulatory environment;
- 3.3.2. Oversee the formulation and implementation of a Code of Business Conduct and Ethics and internal policies and monitor compliance with such code and policies by the Corporation through communication and awareness campaign, continuous training and setting a proper forum where issues may be addressed;

- 3.3.3. Oversee the performance evaluation of the Board and its Committees and Management, and conduct an annual self-evaluation of its performance;
- 3.3.4. Recommend continuing education/training programs for Directors, assignment of tasks/projects to Board Committees, succession planning for the Board members and senior Officers, and levels of remuneration for corporate and individual performance;
- 3.3.5. Determine the nomination and election process for the Corporation's Directors and define the general profile of the Board members that the Company may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- 3.3.6. Establish a formal 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, including disallowing any Director to decide his remuneration;
- 3.3.7. Establish efficient communication channels which aid and encourage employees, customers, suppliers, creditors and other Stakeholders to raise concerns on potential unethical or unlawful behavior without fear of retribution; and
- 3.3.8. Review recommendations concerning policies on conflict of interest, salaries and benefits policies, promotion and career advancement directives, and compliance with all statutory requirements.

3.4. Meetings of the Corporate Governance Committee

- 3.4.1. The **Corporate Governance** Committee shall meet twice a year or as may be necessary.
- 3.4.2. The notice and agenda for each meeting shall be circulated to all **Corporate Governance** Committee members at least five (5) business days before each meeting.
- 3.4.3. The **Corporate Governance** Committee may invite other Directors and Management Officers to attend any meeting.
- 3.4.4. The **Corporate Governance** Committee Chairman shall preside in all meetings of the Committee. In his absence, the members present shall elect from among themselves one member to preside over the particular meeting.

3.4.5. A quorum shall be present if at least a majority of the members of the **Corporate Governance** Committee is present. No business shall be transacted at any meeting unless a quorum is present.

3.4.6. The **Corporate Governance** Committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the Committee Secretary to record and keep minutes of meetings and other proceedings.

4. Board Risk Oversight Committee

4.1. Role of the BROC

The role of the BROC is to oversee the establishment of ERM framework that will 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. The BROC shall be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability.

4.2. Organization of the BROC

4.2.1. The Board Risk Oversight Committee shall be composed of at least three (3) directors, at least one (1) of whom shall always be an Independent Director. The Board may consider Independent Directors to comprise majority membership of the BROC. At least one member of the committee must have relevant knowledge and experience on risk and risk management.

4.2.2. The Board shall appoint one of the members of the BROC to be the Committee Chairman.

4.3. Functions of the BROC

The BROC shall have the following functions:

- 4.3.1. Oversee the development and implementation of a formal ERM Plan that contains the following elements:
- Common language or register of risks;
 - Well-defined risk management goals, objectives and oversight;

- Uniform processes of identifying, assessing, evaluating and measuring risks as well developing strategies to manage and mitigate prioritized risks;
 - Designing and implementing risk management strategies; and
 - Continuing assessments and monitoring to improve risk strategies, processes and measures;
- 4.3.2. Evaluate the ERM Plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROCC shall revisit defined risk management strategies, look for emerging or changing material exposures, and stays abreast of significant developments that may seriously impact the likelihood of harm or loss;
- 4.3.3. Review 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 occurrence of major events that may have a major impact on the Company;
- 4.3.4. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its Stakeholders;
- 4.3.5. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- 4.3.6. Report to the Board on a regular basis, or as deemed necessary, the Company's risk, material risk exposures, the actions taken to reduce the risks, and recommends appetite levels, risk tolerance limits, further action or plans, as necessary.

4.4. Meetings of the BROCC

- 4.4.1. The BROCC shall meet twice a year or as may be necessary. The BROCC may opt to meet without the presence of the CEO or other management team members, and periodically meets with the ERM Head.
- 4.4.2. The notice and agenda for each meeting shall be circulated to all BROCC members at least five (5) business days before each meeting.

- 4.4.3. The BROC may invite other Directors and Management Officers to attend any meeting.
- 4.4.4. The BROC Chairman shall preside in all meetings of the Committee. In his absence, the members present shall elect from among themselves one member to preside over the particular meeting.
- 4.4.5. A quorum shall be present as long as an Independent Director is present or if at least a majority of the members of the BROC is present. No business shall be transacted at any meeting unless a quorum is present.
- 4.4.6. The BROC shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the Committee Secretary to record and keep minutes of meetings and other proceedings.

C. The Chairman

The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and Shareholders. The Chairman shall also assist in ensuring compliance with and performance of the Corporate Governance policies and practices.

As needed or in accordance with applicable regulations such as the Revised Code of Corporate Governance, the roles of Chairman and the CEO may be separated in order to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the roles of the Chairman and CEO.

If the roles of Chairman and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The Board may consider designating a Lead Director among the Independent Directors if the Chairman of the Board is not an Independent Director and if the positions of the Chairman of the Board and CEO are held by one person. The Lead Director shall be the intermediary between the Chairman and the other Directors when necessary; convene and chair meetings of the Non-Executive Directors; and contribute to the performance evaluation of the Chairman, as required.

The duties and responsibilities of the Chairman in relation to the Board may include, among others, the following:

1. The Chairman shall supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary and Management and make certain that

such 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. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
3. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;
4. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
5. Assure the availability of proper orientation for first-time Directors and continuing training opportunities and requirements for all Directors; and
6. Make sure that performance of the Board is evaluated at least once a year and discussed/ followed up on;

D. The CEO

Duties and Responsibilities of the CEO:

1. Communicate and implement the Corporation's vision, mission, values and overall strategy and promote any Corporation or Stakeholder change in relation to the same;
2. Build the corporate culture and motivate the employees of the Corporation. Direct, evaluate and guide the work of key Officers of the Corporation;
3. Oversee the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;
4. Serve as the link between internal operations as well as internal and external Stakeholders;
5. Exercise general care, management and administration of the business operations of the Company. He shall ensure that: (a) the business and affairs of the Company are managed in a sound and prudent manner; and (b) operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts;

6. Provide leadership for Management in determining, developing and implementing business strategies, plans and budgets to the extent approved by the Board. He shall provide the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects on a regular basis;
7. Provide the Directors/Board with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any Director or the Board, make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. The Directors shall have independent access to Management; and
8. Formulate, under the oversight of the Audit Committee, financial reporting and internal control systems, rules and procedures.

E. The Corporate Secretary

1. Qualifications of the Corporate Secretary

The Corporate Secretary, a Filipino citizen and a resident of the Philippines, is an officer of the Corporation and must be exemplary in performance. The Corporate Secretary should:

- 1.1. Possess appropriate administrative and interpersonal skills;
- 1.2. Have a working knowledge of the operations of the Corporation;
- 1.3. Be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities; and
- 1.4. Be a separate individual from the Compliance Officer and should not be a member of the Board of Directors.

2. Duties and Responsibilities of the Corporate Secretary

- 2.1. Be loyal to the mission, vision, and objectives of the Corporation;
- 2.2. Work fairly and objectively with the Board, Management, Shareholders, and other Stakeholders;
- 2.3. Assist the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of Board and Committee meetings and the annual Board calendar, and assisting the chairs of the Board and its Committees in setting agendas for those meetings;
- 2.4. Safe keep and preserve the integrity of the minutes of the meeting of the Board and its Committees, as well as other official records of the Corporation;

- 2.5. 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;
- 2.6. Work fairly and objectively with the Board, Management and Shareholders 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. Advise on the establishment of Board Committees and their terms of reference;
- 2.8. Inform the members of the Board, in accordance with the By-Laws, of the agenda of their meetings at least five (5) business 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;
- 2.9. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- 2.10. Perform required administrative functions;
- 2.11. Oversee the drafting of the By-laws and ensure that they conform with regulatory requirements; and
- 2.12. Perform such other duties and responsibilities as may be provided by the SEC or as may be assigned by the Board.

F. Internal Audit

1. Role of the Internal Audit

The role of Internal Audit is to provide independent objective and risk based assurance within the Corporation, designed to add value and improve the Corporation's operations. This will help the Corporation accomplish its objectives by providing a systematic, disciplined approach for the evaluation and improvement of the effectiveness of risk management, control and governance processes.

2. Organization of the Internal Audit

2.1. The Board shall appoint an Internal Audit Head, a Chief Audit Executive or its equivalent position, who shall oversee and be responsible for the Internal Audit activity of the Corporation.

- 2.2 The Internal Audit Head reports functionally to the Audit Committee and administratively to the CEO.
- 2.3 The Internal Audit Head shall have no executive or managerial powers and duties in the Corporation except those relating to the management of the Internal Audit.
- 2.4 Internal Audit shall have an independent status and will not be involved in the day-to-day internal checking systems of the business units and corporate centers in the Corporation. It is the responsibility of Management to plan, organize, and direct activities to provide reasonable assurance that established goals will be achieved. Internal Audit will examine and evaluate the planning, organizing, and directing processes established and maintained by Management.

3. Purpose and Scope of Work of Internal Audit

The purpose of Internal Audit is to examine and evaluate whether the Corporation's controls and processes, as designed by Management, are adequate, efficient, and functioning in a manner to ensure that:

- 3.1. Programs, plans, goals and objectives are achieved;
- 3.2. Employee's actions are in compliance with policies, code of conduct, standards, procedures, and applicable laws and regulations;
- 3.3. Authorities and responsibilities are clear, properly assigned, and documented;
- 3.4. Changes in functions, services, processes, and operations are properly evaluated;
- 3.5. Significant legislative or regulatory issues impacting the Corporation are recognized and addressed appropriately;
- 3.6. Control activities are integral part of daily operations;
- 3.7. Adequate controls are incorporated into information technology systems;
- 3.8. Assets or resources are acquired economically, used efficiently, and adequately protected or safeguarded;
- 3.9. Financial, management, and operating information are reliable, timely, relevant, accurate, accessible, and provided in a consistent format;
- 3.10. Channels of communication are effective to ensure that interaction with business units and corporate centers occurs as needed; and
- 3.11. Continuous quality improvement is fostered in the business unit and corporate center's control processes.

4. Responsibilities of Internal Audit

Internal Audit shall be solely responsible for the planning, implementation, and reporting of its results. For this purpose, Internal Audit shall:

- 4.1. Periodically review the Internal Audit charter and present it to the Senior Management and the Audit Committee for approval;
- 4.2. Establish and implement risk-based Internal Audit Plan, including policies and procedures, to determine the priorities of the Internal Audit activity, consistent with the Corporation's goals;
- 4.3. Present the Internal Audit Plan and its performance, resource requirement and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit Committee for review and approval;
- 4.4. Spearhead the performance of the Internal Audit activity to ensure it adds value to the Corporation;
- 4.5. Prepare a forward Strategic Audit Plan to set the direction and approach of audits in the long-term;
- 4.6. Perform regular and special audit as contained in the Annual Audit Plan and/or based on the Company's risk assessment;
- 4.7. Perform consulting and advisory services related to governance and control as appropriate for the Corporation;
- 4.8. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, that could have a significant impact on the Corporation;
- 4.9. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Company;
- 4.10. 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;
- 4.11. Evaluate specific operations at the request of the Board or Management, as appropriate;
- 4.12. Monitor and evaluate governance processes;
- 4.13. Report in a timely manner significant issues noted during the audit relating to the adequacy, efficiency, and effectiveness of policies, controls, processes, and activities of the Corporation. As directed by or under the policies of the Audit Committee, furnishes auditees and/or any other member of Management copies of the reports;

- 4.14. Recommend any improvement in policies and procedures, systems of controls, processes, and other financial and operational matters to assist Management in the effective discharge of their responsibilities, in order to minimize or prevent waste, extravagance, negative image, and fraud. Management is responsible to implement specific recommendations;
- 4.15. Coordinate with External Auditors and ensure that the audit works are complementary to optimize coverage at a reasonable cost; and
- 4.16. Comply with standards that are promulgated by the relevant professional and regulatory bodies.

5. Authority of the Internal Audit

Subject to the approval of the Audit Committee, Internal Audit is authorized to:

- 5.1 Decide on the nature, scope, timing, and frequencies of audit;
- 5.2 Allocate resources and apply different techniques required to accomplish audit objectives;
- 5.3 Assess and recruit personnel with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter provided within policy and approved budget;
- 5.4 Have discussions with Management and employees of the Corporation at any reasonable time;
- 5.5 Attend or participate in meetings relating to the Board's oversight responsibilities for auditing, financial reporting, Corporate Governance, and control;
- 5.6 Have full and free access to the Audit Committee; and
- 5.7 Obtain the necessary assistance of business unit or corporate center, as well as other specialized services from within or outside the Corporation.

G. Enterprise Risk Management

1. Role of ERM

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

2. Appointment of an ERM Head

The Board shall appoint an ERM Head, a Chief Risk Officer or its equivalent position, who shall oversee the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation.

- 2.1. The ERM Head reports functionally to the BROCC and administratively to the CEO;
- 2.2. The ERM Head shall have no executive or managerial powers and duties in the Corporation except those relating to ERM; and
- 2.3. ERM shall have an independent status and will not be involved in the day-to-day operations of the business units and corporate centers in the Corporation.

3. Functions and Responsibilities of ERM

ERM shall have the following functions and responsibilities:

- 2.1. Define a risk management strategy;
- 2.2. Identify and analyzing key risk exposures relating to Economic, Environmental, Social and Governance (“EESG”) factors and the achievement of the Corporation’s strategic objectives;
- 2.3. Evaluate and categorize each identified risk using the Company’s predefined risk categories and parameters;
- 2.4. Establish a risk register with clearly defined, prioritized and residual risks;
- 2.5. Develop risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;
- 2.6. Communicate and report significant risk exposures including business risks (e.g. strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the BROCC;
- 2.7. Collaborate with the CEO in updating and making recommendations to the BROCC;
- 2.8. Coordinate, monitor, and facilitate compliance with laws, rules, and regulations; and
- 2.9. Suggest ERM policies and related guidance, as may be needed.

3. Authority of ERM

Subject to the approval of the BROC, the ERM is authorized to:

- 3.1. Allocate resources and apply different techniques required to accomplish ERM objectives;
- 3.2. Assess and recruit personnel with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter provided within policy and approved budget;
- 3.3. Have discussions with Management and employees of the Corporation at any reasonable time;
- 3.4. Attend or participate in meetings relating to the Board's oversight responsibilities for ERM;
- 3.5. Have full and free access to the BROC; and
- 3.6. Obtain the necessary assistance of Business Unit or Corporate Center Unit, as well as other specialized services from within or outside the Corporation.

G. Compliance Officer

1. Appointment of the Compliance Officer

The Board shall ensure that it is assisted in its duties by a Compliance Officer. The Board may consider appointing a Compliance Officer with a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Corporation. The Compliance Officer should not be a member of the Board of Directors and shall have direct reporting responsibilities to the Chairman of the Board. The Compliance Officer shall annually attend a training on Corporate Governance.

2. The Compliance Officer shall perform the following duties:

- 2.1. Ensure proper onboarding of new Directors (i.e., orientation on the Company's business, charter, Articles of Incorporation and By-laws, among others);
- 2.2. Monitor, review, evaluate and ensure the compliance by the Corporation; its Officers and Directors with the provisions and requirements of this Corporate Governance Manual and the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- 2.3. Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
- 2.4. Ensure the integrity and accuracy of all documentary submissions to the regulators;

- 2.5. Appear before the SEC when summoned in relation to compliance with this Code;
- 2.6. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- 2.7. Identify possible areas of compliance issues and works towards the resolution of the same;
- 2.8. Ensure the attendance of Board members and key Officers to relevant trainings;
- 2.9. Assist the Board and the Corporate Governance Committee in the performance of the their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Corporation, and to assist in the conduct of self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in this Manual and the respective charters of the Board Committees; and
- 2.10. Perform such other duties and responsibilities as may be provided by the SEC.