

COVER SHEET

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COMPANY NAME

[illegible]**PRINCIPAL OFFICE** (No. / Street / Barangay / City / Town / Province)[illegible]

Form Type

M	C	G	
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

info@now-corp.com

Company's Telephone Number

(632) 750-0461 /
(632) 750-0211 /
(632) 750-0224

Mobile Number

	N/A
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No. of Stockholders

68

Annual Meeting (Month / Day)

6/01

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Atty. Angeline L. Macasaet

Email Address

angeline.macasaet@now-corp.com

Telephone Number/s

750-0211

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

**Unit 5-I, 5th Floor, OPL Building 100 C. Palanca Street, Legaspi Village,
Makati City**

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

NOW CORPORATION

MANUAL ON CORPORATE GOVERNANCE

Unit 5-I, 5th Floor, OPL Building
100 C. Palanca Street, Legaspi Village, Makati City 1229, Metro Manila, Philippines

MANUAL ON CORPORATE GOVERNANCE

Article 1: Definition of Terms

1. **Corporate Governance** - the framework of rules, systems and processes in the Corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates; the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders; a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society; its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation;
2. **Board of Directors** - the governing body elected by the stockholders that exercises the corporate powers of the Corporation, conducts all its business and controls its properties;
3. **Exchange** - an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;
4. **Management** - the group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation;
5. **Independent director** - a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;
6. **Executive director** - a director who is also the head of a department or unit of the Corporation or performs any work related to its operation;
7. **Non-executive director** - a director who is not the head of a department or unit of the corporation nor performs any work related to its operation;
8. **Non-audit work** - the other services offered by an external auditor to the Corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor;
9. **Internal control** - a process designed and effected by the board of directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.
10. **Internal control system** - the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Corporation is exposed;

11. **Internal audit** - an independent and objective assurance activity designed to add value to and improve the Corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;

12. **Internal audit department** - a department or unit of the Corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the Corporation's operations;

13. **Internal Auditor** - the highest position in the Corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

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

15. **Related Party Transactions** – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

16. **Stakeholders** – any individual, organization or society at large who can either affect and/or be affected by the Corporation's strategies, policies, business decisions and operations, in general.

17. **Enterprise Risk Management** – a process, effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designated to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

Article 2: Rules of Interpretation

1. All references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.

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

Article 3: Board Governance

The Board of Directors (the "**Board**") is primarily responsible for the governance of the

Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. Compliance with the principles of good corporate governance shall start with the Board.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders (Creditors, Industry, Customers, Community and Employees). The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

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

The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

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

The Board shall have a policy on board diversity.

A) Composition of the Board

The Board shall be composed of at least eleven (11), but not more than fifteen (15), members who are elected by the stockholders.

The Board shall have three (3) independent directors.

The Board shall designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one (1) person.

Non-executive directors shall possess qualifications and stature that will enable them to participate in the deliberations of the Board. At least a majority of the members of the Board shall be holders of college degrees.

The non-executive directors (NEDs) shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Corporation. The meetings will be chaired by the lead independent director.

B) The Chairperson

The duties and responsibilities of the Chairperson in relation to the Board will include, among

others, the following:

1. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairperson may deem necessary;
2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
3. Maintain qualitative and timely lines of communication and information between the Board and Management.
4. Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
5. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
6. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
7. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
8. Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
9. Make sure that the performance of the Board is evaluated at least once a year and discussed or followed up on.

C) Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board shall include practical understanding of the business of the Corporation;

D) Disqualification of Directors

1. Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

- a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) 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 (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust

company, investment house or as an affiliated person of any of them;

b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if (a) such person is the subject of an order of the Securities and Exchange Commission ("SEC"), Bangko Sentral ng Pilipinas ("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, (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

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

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

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

f) Any person judicially declared as insolvent;

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

h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;

i) Other grounds as the SEC may provide.

2. Temporary Disqualification

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

- a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- b) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- c) Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from SEC. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- d) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and
- e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

E) Responsibilities, Duties and Functions of the Board

1. General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

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

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 long-term best interests of its shareholders, stockholders and other stakeholders.

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

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

The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

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

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

The non-executive directors of the Board can concurrently serve as directors only to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.

The non-executive directors (NEDs) shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Corporation. The meetings will be chaired by the lead independent director.

A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company.

The Board shall have at least three (3) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.

The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from 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 shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

2. Specific Duties and Functions

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

- a) Implement a process for the selection of directors and appoint competent, professional, honest and highly motivated management officers.
- b) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures.
- c) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.
- d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation. The CEO or CFO, upon direction from the Board, shall exercise oversight responsibility over this program.
- e) 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.
- f) Adopt a system of check and balance within the Board with a regular review of the effectiveness of such system.

- g) Establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.
- h) Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders. The Board shall also approve the Internal Audit Charter.
- i) Identify key risk areas and performance indicators and monitor these factors with due diligence.
- j) Oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.
- k) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- l) Constitute an Audit and Risk Management Committee and such other committees to assist the Board in the performance of its duties and responsibilities.
- m) Align the remuneration of key officers and Board members with the long-term interests of the Company. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director should participate in discussions or deliberations involving his own remuneration.
- n) Ensure that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.
- o) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities.
- p) Meet at such times or frequency as may be needed. The minutes of such meetings are recorded.
- q) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.

r) Appoint a Compliance Officer with the rank of at least vice-president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

s) Approve the selection and assess the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads, or equivalent positions existing in the Company.

t) The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and should be publicly available and posted on the company's website.

u) Establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

F) Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence and should act in the best interest of the Corporation.

A director should observe the following norms of conduct:

1. Conduct fair business transactions with the Corporation, and ensure that his/her personal interest does not conflict with the interests of the Corporation.
2. Devote the time and attention necessary to properly and effectively perform his/her duties and responsibilities.
3. Act judiciously.
4. Exercise independent judgment.
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 Commission and, where applicable, the requirements of relevant regulatory agencies.
6. Observe confidentiality.

G) Board Meetings and Quorum Requirement

The members of the Board shall attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

H) Remuneration of Directors and Officers

The Corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be

paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

To protect the funds of a Corporation, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

I) Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

All established committees shall be required to have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters will provide the standards for evaluating the performance of the Committees. It shall also be fully disclosed on the company's website.

The directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

1. The Audit and Risk Management Committee

The Board shall establish an Audit and Risk Management Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee shall consist of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, shall be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit and Risk Management Committee should not be the Chairman of the Board or of any other committees. The committee shall have the following functions:

- a) Recommend the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversee the implementation of the IA Charter;
- b) Through the Internal Audit (IA) 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. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations;
- c) Oversee the Internal Audit Department, and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall also approve the terms and conditions for outsourcing

internal audit services;

- d) 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 and Risk Management Committee;
- e) Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
- f) Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g) Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Integrated Annual Corporate Governance Report;
- h) Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - h.1.) Any change/s in accounting policies and practices;
 - h.2.) Areas where a significant amount of judgment has been exercised
 - h.3.) Significant adjustments resulting from the audit
 - h.4.) Going concern assumptions
 - h.5.) Compliance with accounting standards
 - h.6.) Compliance with tax, legal and regulatory requirements
- i.) Review the disposition of the recommendations in the External Auditor's management letter;
- j) Perform oversight functions over the corporation's Internal and External Auditors to ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- k) Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the Corporation, and provide an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders; and
- l) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- m) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation;
- n) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation;

o) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;

p) Review the reports submitted by the internal and external auditors;

q) Coordinates, monitors and facilitates compliance with laws, rules and regulations;

r) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit and Risk Management Committee.

Should the company become a subsidiary of a foreign corporation covered by the Revised Code of Corporate Governance, the internal auditor shall be independent of the Philippine operations and shall report to the regional corporate headquarters.

2. The Corporate Governance Committee

The Board shall establish a Corporate Governance Committee that should be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It shall be composed of at least three (3) members, all of whom should be independent directors, including the Chairman.

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

a. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;

b. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conduct an annual self-evaluation of its performance;

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

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

e. Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;

f. Propose and plan relevant trainings for the members of the Board;

g. Determine the nomination and election process for the company's directors and have the special duty of defining the general profile of Board members

that the company may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

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

3. The Board Risk Oversight Committee

Subject to the Corporation's size, risk profile and complexity of operations, the Board should establish a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three (3) members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

The BROC has the following duties and responsibilities, among others:

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

h. 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.

4. The Related Party Transaction Committee

Subject to the Corporation's size, risk profile and complexity of operations, the Board shall establish a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three (3) non-executive directors, two of whom should be independent, including the Chairman.

The following are the functions of the RPT Committee, among others:

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

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

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

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

with other related parties;

d. Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

e. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and

f. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

J) The Chief Executive Officer

The positions of Chairman of the Board and Chief Executive Officer (CEO) shall be held by separate individuals and each should have clearly defined responsibilities.

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

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

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

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

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

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

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

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

h. Builds the corporate culture and motivates the employees of the Corporation; and

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

K) The Corporate Secretary

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

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the Corporation. He/She shall:

1. 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 to set agendas for those meetings;
2. Safekeeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation;
3. 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;
4. Be loyal to the mission, vision and objectives of the Corporation;
5. Work fairly and objectively with the Board, Management and stockholders and other stakeholders, 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;
6. Advise on the establishment of board committees and their terms of reference;
7. Have appropriate administrative and interpersonal skills;
8. If he/she is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his/her duties and responsibilities;
9. Have a working knowledge of the operations of the Corporation;
10. Inform the members of the Board, in accordance with the By-Laws, of the agenda of their meetings at least five (5) working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
11. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him/her from doing so;
12. Perform required administrative functions;
13. Oversee the drafting of the By-Laws and ensure that they conform with regulatory requirements.
14. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
15. Perform such other duties and responsibilities as may be provided by the SEC.

L) The Compliance Officer

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

He/She shall perform the following duties:

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. Monitor compliance by the Corporation with the Revised Code of Corporate Governance and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
3. Monitor, review, evaluate and ensure the compliance by the Corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
4. Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
5. Ensure the integrity and accuracy of all documentary submissions to regulators;
6. Appear before the SEC when summoned in relation to compliance with the Revised Code of Corporate Governance;
7. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
8. Identify possible areas of compliance issues and work towards the resolution of the same;
9. Ensure the attendance of Board members and key officers to relevant trainings;
10. Identify and monitor compliance with the rules and regulations of regulatory agencies, and take appropriate corrective measures to address all regulatory issues and concerns; and
11. Perform such other duties and responsibilities as may be provided by the SEC.

M) The Chief Audit Executive

Subject to the company's size, risk profile and complexity of operations, it should have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel will be assigned the responsibility for managing the fully outsourced internal audit activity.

The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit and Risk Management Committee and administratively to the CEO. The following are the responsibilities of the CAE, among others:

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

N) The Chief Risk Officer

In managing the company's Risk Management System, the company should have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a company's size, risk profile and complexity of operations.

The CRO has the following functions, among others:

1. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
2. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
3. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
4. Suggests ERM policies and related guidance, as may be needed; and
5. Provides insights on the following:
 - a. Risk management processes are performing as intended;
 - b. Risk measures reported are continuously reviewed by risk owners for effectiveness; and

- c. Established risk policies and procedures are being complied with.

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

Article 4: Adequate and Timely Information

The Management shall provide members of the Board of Directors with complete, adequate and timely information about the matters to be taken in the meeting. Further inquiries may be made by members of the Board to enable them to properly inform their duties and responsibilities. Members are given independent access to the Management and to the Corporate Secretary. Furthermore, members, either individually or as a Board, are given access to independent professional advice at the Corporation's expense.

Article 5: Accountability and Audit

A. The Board shall provide the stockholders with a balanced and comprehensible assessment of the Corporation's performance, position and prospects, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

B. The Management shall provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management shall formulate, under the supervision of the Audit and Risk Management Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

1. The extent of its responsibility in the preparation of the financial statements of the Corporation;
2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders;
3. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
4. The Corporation shall consistently comply with the financial reporting requirements of the SEC;
5. The external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit and Risk Management Committee and Management an annual report on the internal audit

department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit and Risk Management Committee.

The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

The Board, after consultations with the Audit and Risk Management Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

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

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

E. The company shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit and Risk Management Committee will alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

Article 6: Stockholders' Rights and Protection of Minority Stockholders' Interests

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

1. Right to vote on all matters that requires their consent or approval;
2. Pre-emptive right to all stock issuances of the Corporation;
3. Right to inspect corporate books and records;
4. Right to information;
5. Right to dividends; and
6. Appraisal right.

B) The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation.

C) The Board shall promote the rights of stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

D) The Board shall take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information shall be made available to stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

E) The Board shall ensure that basic shareholder rights are disclosed in the Manual on Corporate Governance and on the company's website.

F) The Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

G) The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty-eight (28) days before the meeting.

H) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the company website within five (5) business days from the end of the meeting.

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

Article 7: Duties to Stakeholders

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

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

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

Article 8: Encouraging Employees' Participation

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

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

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

Article 9: Internal Control System and Risk Management Framework

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

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

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

Article 10: Self-Rating System

The Board shall create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in this Manual.

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three (3) years, the assessment should be supported by an external facilitator.

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 will allow for a feedback mechanism from the shareholders.

Article 11: Strengthening Board Ethics

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

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

Article 12: Encouraging Sustainability and Social Responsibility

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

Article 13: Disclosure and Transparency

The essence of corporate governance is transparency. All material information about the Corporation which could adversely affect its viability or the interests of the stockholders and other stakeholders should be publicly and timely disclosed through the appropriate Exchange mechanisms and submissions to the Commission. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

The Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. The company will adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

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

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

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

The Corporation shall have a policy requiring all directors and officers to disclose/report to the Company any dealings in the Company's shares within three (3) business days.

The Board shall fully disclose all relevant and material information on individual board

members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

The Corporation shall provide a clear disclosure of its policies and procedures for setting Board and executive remuneration, as well as the level and mix of the same in the Integrated Annual Corporate Governance Report. Also, the company will disclose the remuneration on an individual basis, including termination and retirement provisions.

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

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

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

Article 14: Policy on Training of Directors (amended on 29 May 2018)

Depending on the qualifications and experience of the director, he or she may be required to attend a seminar or training on corporate governance conducted by a duly recognized training institute before assuming such position. (amended on 29 May 2018)

Article 15: Board Diversity Policy (amended on 29 May 2018)

The Corporation shall strive to nominate and elect directors with diverse backgrounds, educational attainment, trainings, and work experience to the greatest extent as possible. (amended on 29 May 2018)

Article 16: Alternative Dispute Mechanism (amended on 29 May 2018)

The Company shall maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities. (amended on 29 May 2018)

Article 17: Commitment to Good Corporate Governance

The Corporation commits to implement its corporate governance rules in accordance with the Code of Corporate Governance and this Manual. This Manual is made available for inspection by any stockholder at reasonable hours on business days.

30 May 2018


Dr. Thomas G. Aquino
Chairman


Miguel Antonio S. Regal
Compliance Officer