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CORPORATE GOVERNANCE MANUAL
CIRTEK HOLDINGS PHILIPPINES
CORPORATION

(Company's Full Name)

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Company Telephone Number

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STAMPS

CORPORATE GOVERNANCE MANUAL

OF

CIRTEK HOLDINGS PHILIPPINES CORPORATION

31 July 2014

PREAMBLE

The primary purpose of CIRTEK HOLDINGS PHILIPPINES CORPORATION (the "Company") is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, hypothecate, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging therefor stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to guarantee obligations, debts, or loans of a subsidiary related to the foregoing and to receive, collect and dispose of the interest, dividends, and income arising from such property, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership.

As the Company moves towards the accomplishment of its corporate goals and ultimately to create and sustain increased value for all its shareholders, the Board of Directors (the "Board"), the management, officers and employees of CIRTEK HOLDINGS PHILIPPINES CORPORATION believe that sound and effective corporate governance is fundamental to the Company's continued success and long-term existence.

This Manual of Corporate Governance (hereinafter the "Manual") recognizes and safeguards the rights of every shareholder. It promotes shareholders' rights, particularly the rights to information and to participate in the governance process. It supplements and complements the Articles of Incorporation and By-Laws of the Company, which principally contain the basic structure of governance.

The rationale of this Manual is to improve, systematize, and make transparent the governance of CIRTEK HOLDINGS PHILIPPINES CORPORATION, and demonstrate the Company's commitment to good governance, by developing and furthering:

- Responsible, accountable, and value-based performance management;
- Effective oversight, with Board Committees that act in the best interests of the Company and its stakeholders, including minority shareholders, and seek to enhance shareholder value in a sustainable manner; and
- Adequate information disclosure and transparency, as well as effective system of risk management and internal control.

The members of the Board, the management, and employees understand this Manual as their joint obligation and obligate themselves to ensure that its provisions are fully implemented.

This Manual was first adopted on 28 April 2011 pursuant to Securities Exchange Commission (SEC) Memorandum Circular No. 6, Series of 2009, issued on June 22, 2009.

CORPORATE GOVERNANCE FRAMEWORK

The Company's corporate governance framework is based on the following principles:

- **Accountability** – This Manual establishes the Company's accountability to all its shareholders and guides the Board in setting strategies and monitoring the Company's management.
- **Fairness** - The Company obligates itself to safeguard shareholder rights and ensure the fair treatment of all shareholders, including minority shareholders.
- **Transparency** - The Company ensures that timely and accurate disclosures are made on all material matters, including the financial situation, performance, ownership, and governance, in a manner easily accessible to the public and all interested parties.

ARTICLE I GOVERNANCE

1. THE BOARD OF DIRECTORS

The Board oversees the management of the Company and provides directions towards the formulation of a sound corporate strategy. In the exercise of their duties, the members of the Board must exercise their best and unbiased judgment in the utmost interests of the Company. The Board is the guardian of fairness, transparency, and accountability in all of the major financial and business dealings of the Company, protecting the interests of investors and stakeholders.

1.1 Composition

The Board of Directors shall have seven (7) members who shall be elected by the Company's stockholders entitled to vote at the annual meeting, and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the By-Laws of the Company.

The Company shall have two (2) independent directors or at least 20% of the members of the Board, whichever is lesser, but in no case less than two (2). At least one of the independent directors shall serve in the Audit Committee. The independent directors shall be identified in the annual report.

1.2 Qualifications

A director of the Company shall have the following qualifications:

- a) Ownership of at least one (1) share of the capital stock of the Company;
- b) At least 21 years of age;
- c) A college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience

- and competence in managing a business to substitute for such formal education;
- d) Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions.
 - e) Other relevant qualifications, such as membership in good standing in business, professional organization or relevant industry.

1.3 Disqualifications

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

- a) Any person who has been finally convicted by a competent judicial or administrative body of the following : (i) any crime involving the purchase or sale of securities as defined in the Securities Regulation Code, e.g. proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust fund, pre-need plan, pension plan or life plan; (ii) any crime arising out of the person's conduct as an underwriter, broker, dealer, investment corporation, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or, (iii) any crime arising out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the Securities and Exchange Commission ("SEC") or any court or other administrative body of competent jurisdiction from; (i) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker; (ii) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (iii) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities.

Such disqualification shall also apply when such person is currently subject to an effective order of the SEC or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, Securities Regulation Code ("SRC"), or any other law administered by the SEC or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained to engage in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from association with a member or participant of the organization;

- c) Any person finally convicted judicially or administratively of an offense involving moral turpitude or fraudulent acts or transgressions such as, but not limited to, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation or perjury;
- d) Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code of the Philippines, or any

other law administered by the SEC, or any rule, regulation or order of the SEC or the BSP;

- e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Company;
- f) Any person judicially declared to be insolvent;
- g) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct listed in the foregoing paragraphs;
- h) Any person convicted by final and executory 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; and,
- i) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Company. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged –

1. If he is a director, officer, manager or controlling person of, or the owner (either of record or beneficially) of 2% or more of any outstanding class of shares of, any corporation (other than one in which the corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least a majority vote, determines to be competitive or antagonistic to that of the Company; or
2. If he is a director, officer, manager or controlling person of, or the owner (either of record or beneficially) of 2% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Company, when in the judgment of the Board, by at least a majority vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors;

In determining whether, or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relationship.

3. If the Board, in the exercise of its judgment in good faith, determine by at least a majority vote that he is the nominee of any person set forth in (i.1) and (i.2)

1.4 Temporary Disqualification of Directors

The following are grounds for the temporary disqualification of incumbent directors:

- a) Refusal to fully disclose the extent of his business interest as well as refusal to comply with all other disclosure requirements under the SRC and its Implementing

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

- b) Absence or non-participation in more than Fifty Percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency unless such absence was due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election.
- c) Dismissal/ termination from directorship in another listed Company for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity.
- d) Being under preventive suspension by the Company for any reason.
- e) Conviction that has not yet become final referred to in the grounds for disqualification of directors.

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

A director shall have sixty (60) days upon the occurrence of any ground for temporary disqualification to remedy or correct the same, otherwise, the disqualification shall become permanent.

1.5 Independent Directors

Independent directors shall hold no interests or relationships with the Company that may hinder their independence from the Company or its management, or which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. An independent director shall, within thirty (30) days from his election or appointment, including any re-election or re-appointment, submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Company, its management or controlling shareholder.

- a) Officers, executives and employees of the Company may be elected as directors but cannot and shall not be characterized as independent directors.
- b) If a director elected or appointed as an independent director subsequently becomes an officer, employee or consultant of the Company, the Company shall forthwith cease to consider him as an independent director.
- c) If the beneficial ownership of an independent director in the Company or its related corporations shall exceed 2% of the outstanding capital stock of such corporation, the Company shall forthwith cease to consider him as an independent director. However, should the independent director take the appropriate action to remedy or correct the disqualification within sixty (60) days from the occurrence of the ground he may still be considered an independent director.

The Company shall, as appropriate, provide independent directors with technical support staff to assist them in performing their duties for such committees. Independent directors may, when necessary, also request and receive support from executives, employees or outside professionals such as auditors, advisers and counsel to perform such duties. The Company shall cover the reasonable expenses of providing such support.

1.6 Policy on Multiple Board Seats

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

1.7 Board Meetings and Quorum Requirements

- a) Members of the Board should attend regular and special meetings of the Board in person or via teleconference or videoconference or by any other technological means allowed by the SEC. In case a director attends a meeting through teleconferencing or video conferencing such meetings shall be properly recorded with appropriate tapes, discs, and/or other recording material which shall be properly stored for safekeeping, in addition to the secretary of such meeting maintaining written minutes thereof.
- b) The Board may, to promote transparency, require the presence of at least one independent director in all its meetings. However, the absence of an independent director shall not affect the quorum requirements if he is duly notified of the meeting but notwithstanding such notice fails to attend.

1.8 General Responsibilities of the Board of Directors

- a) 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 its stockholders and other stakeholders.
- b) A director's office is one of trust and confidence. He should act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress over the long term.
- c) Compliance with the principles of good governance shall start with the Board. It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders.
- d) To ensure good governance of the Company, the Board should establish the vision

and mission and strategic objectives and key policies and procedures for the management of the Company, as well as the mechanism for monitoring and evaluating Management's performance.

- e) To the extent set forth above, the Board shall orient all its activities towards three general guidelines:
1. All actions taken by the Board are subject to the principle of legal permissibility. They must therefore not infringe on the appropriate provisions of Philippine law and the Company's constitutive documents.
 2. All actions taken by the Board are subject to the principle of economic usefulness. They should accordingly contribute to increasing the value of the Company in a sustainable manner.
 3. The Board should, when carrying out its duties, be aware of its duty as the governing body of a publicly listed company.
- f) The Board shall ensure the presence and adequacy of internal control mechanisms for good governance. The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:
1. Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;
 2. Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;
 3. Defining the duties and responsibilities of the President who shall be ultimately accountable for the Company's organizational and operational controls; and appointing a President with the appropriate ability, integrity, and experience to fill the role;
 4. Evaluation of proposed senior management appointments;
 5. Ensuring the selection, appointment and retention of qualified and competent management; reviewing the Company's personnel and human resources policies, compensation plan and the management succession plan;
 6. Institutionalizing the internal audit and enterprise risk management functions; and
 7. Ensuring the presence of, and regularly reviewing, the performance and quality of external audit.

1.9 Specific Duties of the Board of Directors

The Board shall exert its best effort to ensure a high standard of best practice for the Company, its shareholders and stakeholders. To do so, it shall perform all the functions which it is required to

perform in the Company's By-Laws, including those enumerated below, with honesty and integrity.

- a) Implement a process for the selection of directors who can contribute independent judgment in the formulation and amendment of corporate strategies and policies;
- b) Appointment of competent, honest, professional and highly motivated President and other management officers;
- c) Properly discharge Board functions by meeting regularly. Independent views during Board meetings should be given due consideration;
- d) Constitute an Audit, Nominations and Compensation Committee and such other Committees as may be necessary to assist the Board in discharging its functions;
- e) Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Company;
- f) Provide strategic policies and guidelines to the Company on major capital expenditures and key investments. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies;
- g) 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 and ensure that the Company complies with all relevant laws, regulations and, as far as possible, best business practices;
- h) Formulate a clear communication and disclosure strategy to promptly and regularly communicate with the SEC, the Philippine Stock Exchange ("PSE") and the Company's shareholders and other stakeholders on matters of importance;
- i) Identify the sectors in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;
- j) Adopt a system of internal checks and balances, which may be applied in the first instance to the Board. Such systems shall be continuously and regularly reviewed and updated to ensure adequacy and effectiveness;
- k) Identify and monitor, and endeavor to provide appropriate technology and systems for the identification and monitoring of key risks and key performance areas. The Board should continuously monitor these factors, with due diligence, to enable the Company to anticipate and prepare for possible threats to its operational and financial viability;
- l) The Board is primarily responsible to the stockholders for financial reporting and control, and should ensure that:

1. All stockholders are provided with relevant and timely information about the

Company, including but not limited to a semestral report and an annual report of the Company's performance, position and prospects through publicly available reports submitted to the SEC;

2. A balanced and understandable assessment of the Company's position and prospects is presented. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
 3. Their responsibility for preparing the accounts is explained and there should be a statement by the auditors about reporting responsibilities;
 4. The business as a going concern is reported, with supporting assumptions or qualifications, if necessary;
 5. Sound system of internal control to safeguard stakeholders' investment and the Company's assets is presented;
 6. Based on the approved audit plans, scope and frequency of audits, internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the Company's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
 7. The Chief Audit Executive renders to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management;
- m) Adopt and implement policies and procedures that will ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, 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;
- n) Recommend to the stockholders the appointment of external auditors, in accordance with the recommendation of the Audit Committee;
- o) Create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense, which expense shall be reasonable.

1.10 Specific Responsibilities of Each Director

The Company's directors shall act in good faith, with due care and in the best interests of the Company and all its shareholders, including minority shareholders, based on all relevant information. Each director is expected to attend board meetings and applicable committee meetings. Directors are expected to ensure that other commitments do not interfere in the discharge of their duties.

In addition to the duties and responsibilities of a Director set forth above and in the Company's By-Laws and existing relevant statutes, a Director shall:

- a) **Conduct fair business transactions with the Company and ensure that personal interest does not bias Board decisions.** A director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. He should observe the conflict of interest policy stated in this Manual;
- b) **Devote time and attention necessary to properly discharge his duties and responsibilities.** A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and be knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation;
- c) **Act judiciously.** Before deciding on any matter brought before the Board of Directors, every director should carefully evaluate the issues, ask questions and seek clarifications as appropriate;
- d) **Exercise independent judgment.** A director should view each problem/ situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position regardless of such position's unpopularity. Corollarily, he should support plans and ideas which he believes are beneficial to the Company;
- e) **Have a working knowledge of the statutory and regulatory requirements** affecting the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of relevant regulatory agencies. The director should also keep abreast with industry developments and business trends in order to promote the Company's competitiveness and sustained progress;
- f) **Observe confidentiality.** A director shall keep secure and confidential all non-public information acquired or learned by reason of his position as a director. He should not reveal any confidential information to unauthorized persons without the authority of the Board;
- g) **Ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.** Each director is responsible for assuring that actions taken by the Board maintain the adequacy of the control environment within the Company;

- h) *Prior to assuming office, attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution. If necessary, funds shall be allocated by the Company for this purpose.*

1.11 Liability of Directors

Directors who willfully and knowingly vote or consent to patently unlawful acts of the Company or who are guilty of gross negligence or bad faith in directing the affairs of the Company or acquire any personal or pecuniary interest in conflict with their duty as such directors, shall be liable jointly and severally for all damages resulting therefrom suffered by the Company, its stockholders and other persons.

When a director attempts to acquire or acquires, in violation of his duty, any interest adverse to the Company in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Company and must account for the profits which otherwise would have accrued to the Company.

1.12 Compensation and Liability Insurance Coverage of Directors

- a) The Board of Directors shall determine a level of remuneration for Directors that shall be sufficient to attract and retain directors and compensate them for attendance at meetings of the Board and Board Committees, and performance of numerous responsibilities and undertaking certain risks as a Board member. The compensation which may be in the form of cash remuneration and/or stock option plans, shall be fixed by way of a resolution of the Board of Directors. The Board of Directors may provide that only non-executive directors shall be entitled to such compensation.
- b) No director shall be involved in deciding his own remuneration during his incumbent term.
- c) The Company, to ensure effectiveness of holding directors accountable and to attract competent persons as directors, may purchase at its own expense liability insurance coverage for its directors.

2. BOARD COMMITTEES

The Board of Directors may create such committees, as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws of the Company and to aid in good governance. The Board shall be supported by the following committees, which are required to report to the Board a summary of the actions taken:

2.1 Nominations Committee

- a) The Company shall have a Nominations Committee which shall have at least (3) members, one of whom is an independent director.
- b) The Nominations Committee shall have the following duties and responsibilities:

1. To promulgate the guidelines or criteria to govern the conduct of the nominations of all Directors;
2. To promulgate screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s;
3. To review and evaluate the qualifications and pre-screen the persons nominated to the Board and other requirements that require Board approval;
4. To assess the effectiveness of the Board's processes and procedures in the election or replacement of the Board of Directors; and
5. To comply with all the duties and responsibilities prescribed by the SEC under applicable laws, rules and regulations.

2.2 Audit Committee

- a) The Company shall have an Audit Committee, which shall consist of at least three (3) members of the Board of Directors, who shall preferably have an accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The Chair of the Audit Committee shall be an independent director;
- b) The Audit Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of the Company. It shall be responsible for ensuring the development of, compliance with, and periodic review of corporate governance policies and practices in the Company; and
- c) It shall have the following particular duties and responsibilities:
 1. 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;
 2. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company, including but not limited to regular receipt from Management of information on risk exposures and risk management activities;
 3. Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independent from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
 4. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;

5. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
6. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
7. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
8. Review the reports submitted by the internal and external auditors;
9. Review the quarterly, semestral and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - i. Any change in accounting policies and practices;
 - ii. Major judgment areas;
 - iii. Significant adjustments resulting from the audit;
 - iv. Going concern assumptions;
 - v. Compliance with accounting standards; and
 - vi. Compliance with tax, legal and regulatory requirements.
10. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
11. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company'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, should be disclosed in the Company's annual report:
12. 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 Committee.
13. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties; and
14. To comply with all the duties and responsibilities prescribed by the SEC under applicable laws, rules and regulations.

2.3 Compensation Committee

- a) The Company shall have a Compensation Committee which shall have at least three (3) members, one of whom is an independent director.
- b) The Compensation Committee shall establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.

ARTICLE II MANAGEMENT

1. GENERAL RESPONSIBILITIES OF MANAGEMENT

- a) Management is primarily responsible in deciding the day-to-day affairs of the Company. It determines the Company's activities by putting the Company's targets in concrete terms and by formulating the basic strategies for achieving these targets. It also puts in place the infrastructure for the Company's success by establishing the following mechanisms in its organization:
 1. purposeful legal and organizational structures that work effectively and efficiently in attaining the goals of the Company;
 2. useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach;
 3. information systems that are defined and aligned with IT strategy and the business goals of the Company; and
 4. a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Company.
- b) Management is primarily accountable to the Board for the operations of the Company. As part of its accountability, it is also obligated to provide the Board with complete, adequate and timely information on the operations and affairs of the Company.

2. OFFICERS OF THE COMPANY

The Officers of the Company are the President, the Vice-President, the Treasurer, the Secretary and the Assistant Secretary. The Officers shall be elected by the Board of Directors. In addition:

- a) The Board may from time to time appoint such other officers as it may determine to be necessary or proper.
- b) Any two (2) or more compatible positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

2.1 The President

The President shall be the Chief Executive Officer of the Company and shall exercise the following functions:

1. To preside at the meetings of the stockholders;
2. To initiate and develop corporate objectives and policies and formulate long range

- projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
3. To supervise and manage the business affairs of the Company upon the discretion of the Board of Directors;
 4. To implement the administrative and operational policies of the Company under his supervision and control;
 5. To appoint, remove, suspend or discipline employees of the Company, prescribe their duties, and determine their salaries;
 6. To oversee the preparation of the budgets and the statements of accounts of the Company;
 7. To represent the Company at all functions and proceedings;
 8. To execute on behalf of the Company all contracts, agreements and other instruments affecting the interests of the Company which require the approval of the Board of Directors;
 9. To make reports to the Board of Directors and stockholders;
 10. To sign certificates of stock; and
 11. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

2.2 The Vice-President

He shall, if qualified, act as President in the absence of the latter. S/He shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors or by the President.

2.3 The Secretary

The Secretary must be a resident and citizen of the Philippines. S/He shall have the following specific powers and duties:

1. To record the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;
2. To keep record books showing the details required by law with respect to the stock certificates of the Company, including ledgers and transfer books showing all shares of the Company subscribed, issued and transferred;
3. To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;
4. To attend to the giving and serving of all notices of the Company required by law or the By-Laws to be given;
5. To certify such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;
6. To act as inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hears and determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts

- as are proper to conduct the election; and
7. To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

2.4 The Treasurer

The Treasurer of the Company shall have the following duties:

1. To keep full and accurate accounts of receipts and disbursements in the books of the Company;
2. To have custody of, and be responsible for, all the funds, securities and bonds of the Company;
3. To deposit in the name and to the credit of the Company, in such banks as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the Company which may come under his control;
4. To render an annual statement showing the financial condition of the Company and such other financial reports as the Board of Directors, or the President may, from time to time require;
5. To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies; and
6. To exercise such powers and perform such duties and functions as may be assigned to him by the President.

ARTICLE III

GOVERNANCE POLICY ON CONFLICT OF INTEREST

The personal interest of directors and officers should never prevail over the interests of the Company. They are required to be loyal to the organization so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the Company. They must promote the common interests of all shareholders and the Company without regard to their own personal and selfish interests.

- a) A conflict of interest exists when a director or an officer of the Company:
 1. Supplies or is attempting or applying to supply goods or services to the Company;
 2. Supplies or is attempting to supply goods, services or information to an entity in competition with the Company;
 3. By virtue of his office, acquires or is attempting to acquire for himself a business opportunity which should belong to the Company;
 4. Is offered or receives consideration for delivering the Company's business to a third party; and
 5. Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Company.
- b) If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in

the decision making process. A director who has a continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board;

- c) A contract of the Company with one or more of its directors or officers is voidable, at the option of the Company, unless all the following conditions are present:
1. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
 2. The vote of such director was not necessary for the approval of the contract;
 3. The contract is fair and reasonable under the circumstances; and
 4. In case of an officer, the contract has been previously approved by the Board of Directors.

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

- d) Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Company, thereby obtaining profits to the prejudice of the Company, the director must account to the latter for all such profits by refunding the same, unless his act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable notwithstanding the fact that the director risked his own funds in the venture;
- e) The director is required to comply with all disclosure requirements of the SRC and its Implementing Rules and Regulations and voluntarily disclose any conflict of interest, whether actual or potential, upon its occurrence. The disclosure should be made fully and immediately;
- f) The foregoing is without prejudice to the Company's existing Rules or Code of Conduct and Ethics for its officers, employees and staff.

ARTICLE IV RELATED PARTY TRANSACTIONS

The Company shall avoid related party transactions. In instances where related party transactions cannot be avoided, the Company shall disclose all relevant information on the same, including information on the affiliated parties and the affiliation of directors and principal officers.

ARTICLE V
AUDIT AND COMPLIANCE

1. INTERNAL AUDIT

- a) The Internal Audit Group shall provide independent and objective assurance and consulting activity to the Company designed to add value and improve on the organization's operations. It shall provide the Board, Management and the stockholders with reasonable assurance that the Company's key organizational and operational controls are effective, appropriate, and faithfully complied with. It shall review, audit and report on, among others, the effectiveness of the system of organizational controls, taking into account the nature and complexity of the business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance;
- b) It shall perform its auditing functions faithfully by maintaining independence from the management and controlling shareholders;
- c) The Internal Audit Group shall be headed by a Chief Audit Executive. The Chief Audit Executive shall preferably be a Certified Public Accountant and/or a Certified Internal Auditor and shall report periodically and as required by the Audit Committee of the Board of Directors on its performance, including the status of audit and consulting engagements, compliance with the Annual Audit Plan, significant interim changes, and the sufficiency and proficiency of Internal Audit resources; and
- d) The Internal Auditors shall report that their activities are conducted in accordance with the International Standards on Professional Practice of Internal Auditing. Otherwise, the Chief Audit Executive shall disclose to the Board and Management that it has not yet achieved full compliance with the said international standards.

2. EXTERNAL AUDIT

- a) The Board, through the Audit Committee, shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which the financial statements shall have been prepared and presented;
- b) The External Auditor shall –
 1. perform fair audits independently from the Company, its management and controlling shareholders, so that shareholders and other users may maintain confidence in the Company's accounting information;
 2. check whether any fact conflicts with the audit results in the information disclosed regularly with the audited financial statements, and demand correction, if necessary;
 3. attend the annual stockholders meeting and answer any questions on audit reports and on themselves, their work and their remuneration; and

4. perform such other functions as may be approved by the Board in its engagement of the auditor, *provided, however*, that non-audit work shall not be in conflict with the functions of the auditor as external auditor.
- c) The External Auditor shall be rotated every five (5) years or earlier, or the handling partner shall be changed;
 - d) The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused making reference to the subject matter of the disagreement in connection with its report; and
 - e) If an external auditor believes that the statements made in an annual report, information statement or proxy statement filed during his engagement are materially misstated, he shall also present his views in said reports.

3. COMPLIANCE SYSTEM

To ensure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

The Compliance Officer shall perform the following duties:

1. Operationalize this Manual, and monitor compliance with the provisions and requirements of this Manual, as well as the rules and regulations of the regulatory agencies ("Regulatory Rules");
2. Issue a certification every April 30th of the year on the extent of the Company's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same, if any;
3. Provide the SEC at the end of every fiscal year with a sworn certification that the requirement for independent directors and their attendance at meetings in accordance with Sec. 11(7) of SEC Memorandum Circular No. 2 has been complied with;
4. Identify, monitor and control compliance risks;
5. Determine violations of this Manual and Regulatory Rules and create a system for according due notice, hearing, and due process for dealing with violations of the Manual and Regulatory Rules;
6. Recommend the penalties for violations of the Manual and Regulatory Rules, for further review and approval of the Board, and adopt measures to prevent repetition of any violation; and
7. The appointment of the Compliance Officer shall be immediately disclosed to the SEC and PSE. All correspondence relative to his functions as such shall be addressed to said Officer

ARTICLE VI
COMMUNICATION AND INFORMATION

1. MANAGEMENT'S RESPONSIBILITY FOR INFORMATION

a) Management is primarily responsible to the Board for financial reporting and control, and to this extent, shall:

1. Present a balanced and understandable assessment of the Company's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
2. Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
3. Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
4. Consistently comply with the financial reporting requirements of the SEC;
5. Maintain a sound system of internal control to safeguard stakeholders' investment and the Company's assets;
6. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
7. Require the Chief Audit Executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit; and
8. Report the plans and strategies approved by the Audit Committee of the Board. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management.

b) Management shall be primarily responsible for the adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and documents, budgets, forecasts and monthly internal financial statements. Any variance between projections and actual results should also be disclosed and explained by Management to the Board.

2. THE INVESTOR RELATIONS FUNCTION

There shall be an Investor Relations Officer within the Company, which shall be tasked with --

1. Creation and implementation of an investor relations program that reaches out to

- all shareholders and fully informs them of corporate activities;
2. Formulation of a clear policy on communicating or relating relevant information to Company stakeholders and to the broader investor community accurately, effectively and sufficiently;
 3. Preparation of disclosure documents to the SEC and the Philippine Stock Exchange, and
 4. Dissemination of this Manual, and the conduct of an orientation program for the Board and Management.

The Investor Relations Officer shall report to the Chief Financial Officer who shall oversee all reporting and disclosures to the SEC and PSE.

3. COMMUNICATION OF THIS MANUAL

This Manual shall be submitted to and made available at the SEC. It shall also be available for inspection by any stockholder of the Company at its principal office during reasonable hours on a business day.

All directors, executives and officers of the Company are required to ensure complete dissemination of this Manual to all employees and enjoin compliance in the process. If necessary, funds shall be allocated for orientation programs or workshops to implement this Manual.

ARTICLE VII DISCLOSURE AND TRANSPARENCY

The Board shall commit at all times to adequately and timely disclose all material information that could potentially affect the Company's share price and such other information that are required to be disclosed pursuant to the SRC and its Implementing Rules and Regulations as well as other relevant laws. 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 submission to the Commission for the interest of its stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates. These information include but are not limited to earnings results, acquisition or disposal of significant assets, off balance sheet transactions, changes in Board membership as well as changes in shareholdings of directors and officers, and remuneration of directors and officers and related party transactions.

The Company shall disclose its corporate governance practices, corporate events calendar, and other material information on its website in a timely manner.

**ARTICLE VIII
EVALUATION SYSTEMS AND TRAINING**

1. EVALUATION SYSTEMS

The Compliance Officer shall establish an evaluation system to measure the performance of the Board and the Executive Officers of the Company in terms of good governance practices. This shall be annually conducted by the Audit Committee, which shall discuss the results thereof at a Board meeting. Independent consultants may also be invited to assist the Audit Committee in this process.

2. TRAINING

The Company shall provide a comprehensive orientation program for new directors, including an understanding of the contribution that the Director is expected to make, an explanation of the Board and its committees, and an explanation of the Company's business, including corporate governance and other issues that will assist them in discharging their duties.

The Company shall also provide general access to training courses to its Directors as a matter of continuous professional education as well as to maintain and enhance their skills as directors, and keep them updated in their knowledge and understanding of the Company's business. The Board Committees may also hire independent legal counsel, accounting, or other consultants to advise them when necessary.

**ARTICLE IX
STOCKHOLDERS' RIGHTS AND PROTECTION
OF MINORITY STOCKHOLDERS' INTERESTS**

1. STOCKHOLDERS' RIGHTS

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

- a) **Voting Right** – Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

Cumulative voting may be used in the election of directors. Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds (2/3) of the outstanding capital of the Company.

- b) **Right of Inspection** – Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be provided an annual report, including financial statements, without cost or restrictions.

- c) **Right to Information** – Upon request and for a legitimate purpose, a shareholder shall be provided with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers. The Information Statement/Proxy Statement where these are stated must be distributed to the shareholders before annual general meetings and in the Registration Statement and Prospectus in case of registration of shares for public offering with the SEC.

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

In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholder's having a legitimate purpose for such access.

- d) **Right to Dividends** – Shareholders have the right to receive dividends subject to the discretion of the Board. However, the SEC may direct the Company to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for a special reserve for probable contingencies.

- e) **Appraisal Right** – In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
3. f.3) In case of merger or consolidation.

2. DUTY OF DIRECTORS TO PROMOTE SHAREHOLDERS RIGHTS

It is the duty of the directors to promote shareholders rights, remove impediments to the exercise of shareholders rights and provide effective redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in

person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

**ARTICLE X
PENALTIES FOR NON-COMPLIANCE WITH THIS MANUAL**

To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed after notice and hearing, on the Company's directors, officers, staff, in case of violation of any of the provisions of this Manual :

1. In case of first violation, the subject person shall be reprimanded;
2. In case of second violation, suspension from office shall be imposed. The duration shall be at the reasonable discretion of the Board, depending on the gravity of the violation;
3. For third violation, removal from office. The commission of a third violation of this manual by any member of the Board shall be a sufficient cause for removal from directorship.

**ARTICLE XI
REVIEW AND AMENDMENT OF MANUAL**

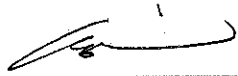
The provisions of this Manual and the enforcement thereof shall be subject to annual review by the Compliance Officer in coordination with the Audit Committee, unless otherwise stated by the Board.

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

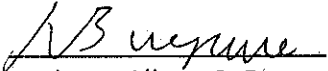
This Manual is subject to review and amendment to continuously improve the Company's corporate governance practices by assessing their effectiveness and comparing them with evolving best practices, standards identified by leading governance authorities and the Company's changing circumstances and needs.

ARTICLE XII
ADOPTION AND EFFECTIVITY

The Manual was adopted by the Board of Directors of the Company on 28 April 2011,
And revised on July 30, 2014



Jerry S. Liu
Chairman/CEO



Anthony Albert S. Buyawe
CFO/CCO