



**DIGITAL TELECOMMUNICATIONS PHILS., INC.
MANUAL ON CORPORATE GOVERNANCE**

TABLE OF CONTENTS

1.	Definitions and Interpretation	4
2.	Governance Structure	6
2.1	Board of Directors	6
2.1.1	Composition	6
2.1.2	Term of Office	6
2.1.3	Qualifications for or Disqualifications from Directorship	7
2.1.4	Duties and Responsibilities of the Board	7
2.1.5	Duties and Responsibilities of a Director	8
2.1.6	Board Meetings	9
2.1.7	Compensation of Directors	9
2.1.8	Directorships in Other Corporations	9
2.1.9	Training and Access to Professional Advice	10
2.1.10	Performance Evaluation	10
2.2	Board Committees	10
2.2.1	Appointment of Members	10
2.2.2	Charters	11
2.2.3	Purposes	11
2.3	Chairman of the Board	11
2.3.1	Functions and Responsibilities	11
2.3.2	Separation of Roles of Chairman and CEO	12
2.4	CEO and Management	12
2.4.1	Functions and Responsibilities	12
2.4.2	Performance Management	13
2.4.3	Compensation	13
2.5	Corporate Secretary and Assistant Corporate Secretary	13
2.5.1	Qualifications	13
2.5.2	Duties and Responsibilities	13
2.6	Internal Audit	14
2.6.1	Internal Audit Function	14
2.6.2	Internal Audit Head	14
2.7	External Audit	15
2.7.1	Selection/Appointment/Resignation/Dismissal/Fees	15
2.7.2	Functions and Restrictions	15
2.8	Enterprise Risk Management (ERM)	16
2.8.1	ERM Functions	16
2.8.2	ERM Officer	16
2.9	Chief Governance Officer	16
2.9.1	Functions	16
3.	Governance Policies and Processes	17
3.1	Stakeholder Engagement	17
3.1.1	Stockholders	17
3.1.2	Other Stakeholders	18
3.2	Disclosures	19
3.2.1	Disclosure of Material Information	19
3.2.2	Disclosure of Other Relevant Information	19
3.3	Code of Business Conduct and Ethics and Implementing Policies	20
3.4	Related Party Transactions	20
3.5	Corporate Social Responsibility and Sustainability	20

4. Monitoring and Implementation	21
4.1 Compliance Evaluation System	21
4.2 Reporting of Violations	21
4.3 Inspection	21
4.4 Dissemination	21
4.5 Communication and Education	21
4.6 Subsidiaries	21
4.7 Continuous Improvement	21

Annexes:

A – Qualifications for Directorship	22
B – Grounds for Disqualifications from Directorship	23
C – Independent Director	25
D – Guidelines on the Search, Screening and Selection of Directors	26
E – Audit Committee	27
F – Governance and Nomination Committee	28
G – Executive Compensation Committee	29
H – Risk Committee	30

DIGITAL TELECOMMUNICATIONS PHILS., INC.

MANUAL ON CORPORATE GOVERNANCE

This Manual was approved and adopted on June 9, 2020¹, by the Board of Directors of Digital Telecommunications Phils., Inc. ("Digitel"). The structures and processes set forth in this Manual, the Articles of Incorporation and By-Laws, in conjunction with our commitment to the governance principles of transparency, accountability, fairness and integrity, form Digitel's basic framework of governance by which its Board of Directors, officers, executives and employees shall strive to achieve the Company's strategic objectives, create value for all its stakeholders, and sustain its long term viability.

1. Definitions and Interpretation

1.1 Defined Terms

The following terms are used in this Manual with the respective meanings ascribed to such terms below, unless the context otherwise requires:

"Articles of Incorporation"	means the Articles of Incorporation of the Company and all amendments thereto;
"Board"	means the Board of Directors of the Company, the governing body that exercises the corporate powers of the Company, conducts all its business and controls its properties;
"Board Committees"	means the Company's Audit Committee, Governance and Nomination Committee, Risk Committee, and Executive Compensation Committee, and such other committees which the Board may constitute from time to time;
"BSP"	means the <i>Bangko Sentral ng Pilipinas</i> ;
"By-Laws"	means the By-Laws of the Company and all amendments thereto;
"CEO"	means the Chief Executive Officer of the Company;
"Chairman"	means the Chairman of the Board;
"Commission"	means the Philippine Securities and Exchange Commission;
"Company" or "Digitel"	means Digital Telecommunications Phils., Inc.
"Corporation Code"	means <i>Republic Act No. 11232</i> , otherwise known as the "Revised Corporation Code of the Philippines";
"Corporate Governance"	means the system of: (a) stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders, and (b) 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;

¹ This Manual supersedes the previous Manual on Corporate Governance that was approved and adopted by the Company on August 6, 2012 and amended on May 26, 2014.

"Director"	means a member of the Board duly elected in accordance with law and the By-Laws;
"Employees"	means employees of the Company below the rank of Manager;
"Enterprise Risk Management"	means a process effected by an entity's board of directors, management and all levels of personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives;
"Exchange"	means the Philippine Stock Exchange;
"Executives"	means the executives of the Company with the rank of Manager up to Assistant Vice President;
"Executive Director"	means a Director who has executive responsibility for the day-to-day operations of the Company;
"Governance Code"	means the SEC Memorandum Circular No. 24, Series of 2019, otherwise known as the "Code of Corporate Governance for Public Companies and Registered Issuers";
"Independent Director"	shall have the meaning ascribed to such term in Annex C hereof;
"Internal control"	means a process designed and effected by an entity's board of directors, 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 entity's policies and procedures;
"Management"	means the body composed of the CEO and Officers given authority and responsibility by the Board to manage the day-to-day conduct of business of the Company and implement the business strategies, plans and policies approved by the Board;
"Manual"	means this Manual on Corporate Governance, including its Annexes, as the same may be amended from time to time;
"Non-Executive Director"	means a Director who has no executive responsibility for the day-to-day operations of the Company;
"Officers"	means the officers of the Company with the rank of Vice President and above or who are appointed as such by the Board;
"Related Party"	shall have the meaning ascribed to the term in Philippine Accounting Standards (PAS) 24 and/or other relevant regulations as may be applicable;
"Related Party Transactions"	shall have the meaning ascribed to the term in PAS 24 and/or other relevant regulations as may be applicable;
"Securities Regulation Code"	means Republic Act No. 8799; and
"Stakeholders"	means individuals, organizations or the society at large who can either affect and/or be affected by an entity's strategies, policies, business decisions and operations, in general, including, among others, customers, investors, creditors, employees, suppliers, as well as the government and the community in which that entity operates.
"Year"	means a calendar year.

1.2 Interpretation

- (a) Unless the context otherwise requires:
 - (i) words in the singular include the plural, and vice versa; and
 - (ii) words importing any gender include all genders.
- (b) A reference to a statute or statutory provision shall be construed as a reference to that statute or provision as from time to time amended, modified or re-enacted, any repealed statute or statutory provision which it re-enacts, and any orders, rules or regulations made under the relevant statute or statutory provision.
- (c) The headings in this Manual are inserted solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.

2. Governance Structure

2.1 Board of Directors

Compliance with the principles of good corporate governance instituted in this Manual shall be the paramount responsibility of, and shall start with, the Board.

The Board shall exercise the corporate powers, conduct the business, and control the properties of the Company in consonance with the corporate governance principles instituted in this Manual. It shall be responsible for fostering the long term success of the Company and securing its sustained competitiveness and profitability in a manner consistent with the corporate objectives and long-term best interest of the Company, its stockholders and other stakeholders, as a whole.

2.1.1 Composition

- (a) The Board shall be composed of seven (7) Directors, or such number of Directors provided in the Articles of Incorporation, duly elected in accordance with the By-Laws, the Corporation Code and Securities Regulation Code.
- (b) To help secure objective and independent judgment on all corporate affairs and substantiate proper checks and balances, the Board shall be composed of a majority of Non-Executive Directors which includes at least two (2) Independent Directors, representing twenty percent (20%) of the total membership of the Board. The Board shall, from time to time, assess the advisability of reinforcing its independence by increasing the number of its Independent Directors to one-third or more of the total membership of the Board, if necessary to sustain effective Board performance for purposes of better serving the evolving requirements of the Company and protecting the legal rights and interests of all its stockholders.
- (c) The Board shall adopt a policy on Board diversity to ensure that optimal decision-making is achieved through a mixture and complementation of knowledge, expertise, skills, gender, age, ethnicity and culture.

2.1.2 Term of Office

- (a) The Directors elected in the annual meeting of the stockholders shall serve a one-year term and until their successors are elected and qualified. Any Director who is elected by the Board to fill a vacancy shall only serve for the unexpired term of his predecessor in office.
- (b) As a rule, an Independent Director shall only serve for a maximum of nine (9) consecutive years reckoned from 2012 (the "Term Limit"). However, in case the stockholders who have a legal right to vote for the election of directors desire to re-elect an Independent Director beyond the Term Limit for meritorious justifications, the Company shall uphold the stockholders' legal right and

disclose the meritorious justifications for retaining an Independent Director beyond the Term Limit during the annual meeting of stockholders.

2.1.3 Qualifications for or Disqualifications from Directorship

- (a) The minimum qualifications for directorship in the Company shall be those set forth in Annex A, as may be amended from time to time to include additional qualifications provided under any amendments to the Corporation Code, Securities Regulation Code, Governance Code and other relevant laws, rules and regulations, and such other qualifications approved by the Board and incorporated in amendments to the By-Laws.
- (b) The grounds for disqualification from directorship in the Company shall be those set forth in Annex B, as may be amended from time to time to include additional grounds for disqualification provided under any amendments to the Corporation Code, Securities Regulation Code, Governance Code and other relevant laws, rules and regulations, and such other grounds for disqualification approved by the Board and incorporated in amendments to the By-Laws.
- (c) In addition to the minimum qualifications for directorship set forth in Annex A, the other criteria for qualification as Independent Director which the Board may consider are those set forth in Annex C as may be amended from time to time to include additional criteria provided under any amendments to the Corporation Code, Securities Regulation Code, Governance Code and other relevant laws, rules and regulations.
- (d) The Company's nomination and election process, which includes the review and evaluation of the qualification/disqualifications of director-nominees is set forth in the Guidelines on the Search, Screening and Selection of Directors, as may be amended from time to time, the salient provisions of which are summarized in Annex D hereof.

2.1.4 Duties and Responsibilities of the Board

To ensure a high standard of governance and to promote and protect the interest of the Company, its stockholders and other stakeholders, as a whole, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

GOVERNANCE FRAMEWORK

- (a) establish the Company's corporate governance framework and policies and oversee their implementation;
- (b) implement a process of selection of Directors to ensure a mix of knowledge, expertise and experience and balance among Independent, Non-Executive and Executive Directors in the context of the needs of the Board, and that each Director can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- (c) constitute Board Committees which it deems necessary to assist the Board in the performance of its duties and responsibilities, such as the Audit Committee, Governance and Nomination Committee, Risk Committee, and Executive Compensation Committee;
- (d) properly discharge Board functions by meeting regularly, give due consideration to independent views, and ensure the integrity of decision making during Board meetings;

STRATEGIC DIRECTION AND CORPORATE PERFORMANCE

- (e) determine and review, together with Management, the Company's vision, mission and strategic objectives;
- (f) set performance objectives and monitor implementation and corporate performance;

MANAGEMENT OVERSIGHT

- (g) select and appoint the CEO and other Officers, and assess the performance of Management led by the CEO based on performance standards set by the Board and Management that are consistent with the Company's strategic objectives;
- (h) oversee Management's implementation of business strategies, plans, policies and budgets;
- (i) oversee Management's adoption of human resources policies, including compensation plans and professional development programs for Officers and succession plan for Management;

FINANCIAL REPORTING, INTERNAL CONTROLS AND INDEPENDENT AUDIT

- (j) oversee Management's establishment and maintenance of effective and adequate financial reporting and internal control systems;
- (k) ensure that the Company has an internal audit system that can reasonably assure the Board and Management that the Company's key organizational and operational controls are complied with, and approve the Internal Audit Charter;
- (l) ensure that the Company has an independent audit mechanism for the proper audit and review of the Company's financial statements by independent auditors;
- (m) ensure that the Company complies with all relevant laws, rules and regulations and endeavors to adopt best business practices;
- (n) ensure that the Company establishes appropriate policies and procedures pursuant to this Manual and the Governance Code, including, but not limited to, policies on conflict of interest, related party transactions, and disclosures of material reportable financial and non-financial information, and oversee the effective implementation thereof;

ENTERPRISE RISK MANAGEMENT

- (o) oversee Management's adoption and implementation of a risk management framework for identifying, monitoring and managing key risk areas, and review Management's reports to the Board on major risk exposures of the Company and the actions taken to monitor, minimize, control or manage such risks;

STAKEHOLDER ENGAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

- (p) ensure that the Company has an effective program that will keep stockholders and investors informed of important developments in the Company;
- (q) ensure that the Company respects and promotes the exercise of the rights of stockholders; and
- (r) ensure that the Company identifies its stakeholders in the community in which it operates or those who are directly affected by its operations, and that the Company has a stakeholder engagement policy or program to promote communication and cooperation with them.

2.1.5 Duties and Responsibilities of a Director

Consistent with a director's three-fold duty of obedience, diligence and loyalty to the corporation he serves, each Director shall:

- (a) act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-Laws, and legislative franchise of the Company and in existing laws, rules and regulations;
- (b) act on a fully informed basis, in good faith and with due diligence; and
- (c) act in the best interest of the Company and for the common benefit of the Company's

stockholders and other stakeholders.

Pursuant to the foregoing, each Director shall:

- (a) act in a manner characterized by integrity, transparency, accountability and fairness;
- (b) have a working knowledge of the statutory and regulatory requirements affecting the Company and its operations, including the provisions of the Company's Articles of Incorporation, By-Laws and legislative franchise, the requirements of the Commission and other regulatory agencies having jurisdiction over the Company, and keep abreast with industry developments and business trends;
- (c) devote the time and attention necessary to properly and effectively discharge fiduciary duties and responsibilities and to be familiar with the business of the Company;
- (d) act judiciously on matters brought before the Board, thoroughly evaluating the issues involved before making any decision;
- (e) exercise independent judgment;
- (f) ensure that his personal interest does not conflict with the interest of the Company or affect his independent judgment and the Board's decisions; and
- (g) observe and safeguard confidentiality of non-public information acquired by reason of his position as a director.

2.1.6 Board Meetings

- (a) The Board shall schedule and hold regular meetings in accordance with its By-Laws and convene for special meetings when required by business exigencies. The notice and agenda of each meeting and other relevant meeting materials shall be furnished to the Directors at least five (5) business days prior to such meeting, which meeting must be duly minuted.
- (b) Every Director shall attend each Board meeting, except when justifiable causes prevent his attendance. Justifiable causes include, but are not limited to, grave illness, death of an immediate family member, or serious accident.
- (c) In any meeting of the Board, an Independent Director should always be in attendance to promote transparency. However, unless otherwise provided in the By-Laws, the absence of an Independent Director shall not affect the quorum requirement.
- (d) The Board shall hold executive sessions with the Independent Directors and Non Executive Directors, excluding Executive Directors, at least once a year and at such other times as the Board may deem necessary or appropriate. Such executive sessions shall be presided by the Chairman of the Governance and Nomination Committee, except if said Chairman is an Executive Director, in which case, by an Independent Director or Non-Executive Director designated by the Board.

2.1.7 Compensation of Directors

Directors shall not receive any compensation, as such, except for reasonable per diems, unless such compensation is provided in the By-Laws or granted by a vote of the stockholders representing at least a majority of the outstanding capital stock of the Company. The Directors shall not decide on their own compensation, other than per diems.

2.1.8 Directorships in Other Corporations

- (a) The Board may consider the adoption of guidelines setting limits on directorships in other corporations by a Director and the factors to be considered in setting such limits, including the

ability of the Director to diligently and efficiently perform his duties and responsibilities as a director of the Company; provided, however, that any such limitation shall in no way restrict or prevail over the stockholders' legal right to vote for and be voted as a director, which right shall remain inviolable.

- (b) Directors should notify the Board before accepting a directorship in another corporation.

2.1.9 Training and Access to Professional Advice

- (a) In order to promote effective Board performance, the Company shall establish a continuing training program for Directors which shall include an annual training for Directors to ensure that that Directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Company.
- (b) An orientation program shall be conducted for first-time Directors in order for new members of the Board to be apprised of their duties and responsibilities before beginning their directorships.
- (c) The Company shall ensure that the Board, the Board Committees and Directors are enabled to obtain independent professional advice at the Company's expense and have access to Management as they may deem necessary or appropriate to carry out their duties and responsibilities.

2.1.10 Performance Evaluation

- (a) The Board shall conduct an annual self-assessment to evaluate the performance of the Board, the Board Committees and the individual directors.
- (b) The annual self-assessment shall, as practicable, be supported by an external facilitator every three years and allow for a feedback mechanism for stockholders.

2.2 Board Committees

To aid in ensuring compliance with the principles of good corporate governance, the Board shall constitute an Audit Committee, a Governance and Nomination Committee, Risk Committee, and an Executive Compensation Committee. The Board may form other committees, including an Advisory Board/Committee, as it may deem appropriate to support the Board in the effective performance of its functions.

2.2.1 Appointment of Members

- (a) The Board shall appoint the members and chairman (from among the members) of each Board Committee following the annual meeting of stockholders at which the directors are elected. In case of any vacancy in the Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board.
- (b) As a rule: (i) all of the members of the Audit Committee, including the Chairman thereof, must be Independent Directors, and each member of the Audit Committee must be financially literate and the Chairman must have accounting or related financial management expertise, as such qualifications are interpreted by the Board based on its business judgment; and (ii) at least a majority of the voting members, including the Chairman, of each of the Governance and Nomination Committee, Executive Compensation Committee and Risk Committee, must be Independent Directors.
- (c) The Board shall periodically review the composition of each Board Committee and determine if any changes thereto, including the number of Non-Executive Directors or Independent Directors comprising each, is necessary for the optimal performance of its functions and responsibilities.

2.2.2 Charters

- (a) Each Board Committee shall have a Charter which shall define and govern, among other matters, its purposes, composition, membership qualifications and disqualifications, duties and responsibilities, conduct of meetings, and procedures for escalation to the Board of decisions of such Board Committee.
- (b) The respective Charters of the Board Committees shall be approved by the Board and shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by the Board.

2.2.3 Purposes

- (a) The primary purposes of the Audit Committee, Governance and Nomination Committee, Executive Compensation Committee, and Risk Committee shall be those set out in Annexes E, F, G and H, respectively.
- (b) Each Board Committee shall submit to the Board at least once a year a report of its accomplishments and a self-assessment of its performance.

2.3 Chairman of the Board

2.3.1 Functions and Responsibilities

The functions and responsibilities of the Chairman include, among others, the following:

- (a) provide leadership for the Board and ensure that the Board works effectively and performs its duties responsibly;
- (b) ensure that Board meetings are held in accordance with the By-Laws and annual schedule approved by the Board;
- (c) supervise the preparation of the agenda of each meeting in coordination with the Corporate Secretary, taking into consideration the proposals of the CEO, Management and Directors of the Company, and make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- (d) ensure that the lines of communication and flow of information between Management and the Board are maintained;
- (e) ensure that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- (f) facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the respective skills and expertise of the Directors;
- (g) ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- (h) assure the availability or proper orientation for first-time Directors and continuing training opportunities for all Directors; and
- (i) make sure that the performance of the Board is evaluated at least once a year and discussed/followed up on.

2.3.2 Separation of Roles of Chairman and CEO

In accordance with applicable regulations, the roles of Chairman and the CEO should, as practicable, be separate for an appropriate balance of power, increased accountability and better capacity for independent decision making by the Board. There should be a delineation of functions between the Chairman and the CEO.

2.4 CEO and Management

2.4.1 Functions and Responsibilities

- (a) The CEO shall have general care, management and administration of the business operations of the Company. He shall ensure that: (i) the business and affairs of the Company are managed in a sound and prudent manner; and (ii) operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts.
- (b) The CEO shall provide leadership for Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. He shall direct, guide and evaluate the work of Management.
- (c) In order to enable the members of the Board to properly fulfill their duties and responsibilities, the CEO shall provide the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects on a regular basis. He shall direct Management to provide the Directors/Board with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any Director or the Board, to make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. He shall ensure that the Directors shall have independent access to Management.
- (d) The CEO shall: (i) communicate and implement the Company's vision, mission, values and overall strategy and promote the appropriate enhancement in the organization or its stakeholder engagement in relation to the same; and (ii) serve as the link between internal operations and external stakeholders.
- (e) Management shall formulate, under the oversight of the Audit Committee, financial reporting and internal control systems, rules and procedures in accordance with the following guidelines:
 - (i) The extent of Management's responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly explained;
 - (ii) An effective system of internal controls that will ensure the integrity of the financial reports, effectiveness and efficiency of operations, protection and effective utilization of assets of the Company, prevention of the occurrence of fraud and other irregularities and compliance with laws, rules, regulations and contracts should be maintained for the benefit of the Company, its stockholders and other stakeholders, as a whole;
 - (iii) 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 Company's financial reporting, governance, operations and information systems; and
 - (iv) The Company should consistently comply with the financial reporting requirements of the Commission.

2.4.2 Performance Management

The Company shall establish a performance management framework approved by the Board to monitor and assess the performance of Management, including the Chief Executive Officer, and personnel based on standards set by the Board and Management.

2.4.3 Compensation

- (a) The Company shall adopt a policy for determining the compensation of Officers which shall be aligned with the long-term strategy of the Company and consistent with its culture as well as the business environment in which it operates. The policy shall specify the relationship between compensation and performance.
- (b) The compensation of the CEO and other Officers shall be subject to review and approval by the Executive Compensation Committee. Equity-based plans and long-term incentive plans for Officers which the Executive Compensation Committee may recommend shall be subject to review and approval by the Board and, as applicable, stockholders' approval.

2.5 Corporate Secretary and Assistant Corporate Secretary

2.5.1 Qualifications

- (a) The Corporate Secretary and Assistant Corporate Secretary shall be Filipino citizens and residents of the Philippines.
- (b) Each must possess appropriate administrative, interpersonal and legal skills, be aware of the laws, rules and regulations necessary in the performance of his duties or responsibilities, and have at least an understanding of basic financial and accounting matters.
- (c) Each must have a working knowledge of the operations of the Company.

2.5.2 Duties and Responsibilities

- (a) As Officers, the Corporate Secretary and Assistant Corporate Secretary must be loyal to the mission, vision and objectives of the Company.
- (b) The duties and responsibilities of the Corporate Secretary and Assistant Corporate Secretary shall be those provided in Article IV of the By-Laws. In addition to said duties and responsibilities, the Corporate Secretary and/or Assistant Corporate Secretary shall:
 - (i) be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and Board Committees, as well as other official records of the Company;
 - (ii) work fairly and objectively with the Board, Management, 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 the Company's stakeholders, including stockholders;
 - (iii) assist the Board in the conduct of its meetings, including preparing the annual schedule of Board meetings and the agenda for each meeting;
 - (iv) inform the Directors, in accordance with the By-Laws, of the schedule and agenda of Board meetings and ensure that Management provides them complete and accurate information that will enable them to make informed decisions on matters that require their approval;
 - (v) attend all Board meetings, except when justifiable causes, such as illness, death of an

- immediate family member or serious accident, prevent them from doing so;
- (vi) ensure that all Board procedures, rules and regulations are strictly followed by the Directors;
- (vii) keep abreast with relevant laws, regulations, governance issuances, relevant industry developments and operations of the Company, and advise the Board and the Chairman on all relevant Issues as they arise;
- (viii) advise on the establishment of Board committees and their terms of reference;
- (ix) oversee the drafting of the By-Laws and ensure that they conform with regulatory requirements; and
- (x) perform administrative functions and such other duties and responsibilities as may be required by the Board or under applicable laws, rules and regulations.

2.6 Internal Audit

2.6.1 Internal Audit Function

- (a) The Company should 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 and help it accomplish its objectives. It must provide a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes through which the Board, Management and stockholders of the Company could obtain reasonable assurance that the Company's key organizational and procedural controls are appropriate, adequate, effective and complied with.
- (b) Internal audit examinations shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls covering the Company's financial reporting, 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 laws, rules, regulations and contracts.

2.6.2 Internal Audit Head

The Company shall have a qualified Internal Audit Head appointed by the Board upon the recommendation of the Audit Committee. The Internal Audit Head shall oversee and be responsible for the internal audit activities of the Company, including any portion thereof that is outsourced to a third party service provider. In case of a fully outsourced internal audit function, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit function.

- (a) The Internal Audit Head shall be the head of the Company's internal audit organization and shall functionally report to the Audit Committee.
- (b) He shall be responsible for the internal audit activities and submit to the Audit Committee an annual internal audit plan conforming with the objectives of the Company, which plan shall include the audit scope, resources and budget necessary to implement it.
- (c) He shall submit to the Audit Committee and Management a quarterly or annual report on the internal audit organization's activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include any significant control issues and such other matters as may be required by the Audit Committee.
- (d) He shall certify that internal audit activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and, if otherwise, disclose to the

Audit Committee the reasons for non-compliance.

2.7 External Audit

2.7.1 Selection/Appointment/Resignation/Dismissal/Fees

- (a) The Audit Committee shall: (i) select and appoint an External Auditor duly accredited by the Commission, or remove and replace such External Auditor as the Audit Committee deems necessary; and (ii) review and approve the fees of the External Auditor for audit and non-audit work.
- (b) The Audit Committee shall be responsible for assessing the integrity and independence of the External Auditor 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.
- (c) If an External Auditor resigns or is removed or ceases to perform service to the Company, the reasons therefor and the date thereof 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 disclosures or auditing procedures which the former External Auditor and the Company failed to resolve satisfactorily.
- (d) The External Auditor or the lead partner thereof primarily responsible for the audit of the Company or the review thereof shall be rotated or changed at least once every five (5) years, and a two-year cooling off period shall be observed in the re-engagement of such lead audit partner or individual auditor, in accordance with applicable laws and regulations.

2.7.2 Functions and Restrictions

- (a) The External Auditor shall enable an environment of sound corporate governance as reflected in the financial records and reports of the Company. The External Auditor shall undertake an independent audit and provide an objective assurance on the manner by which the Company's financial statements have been prepared and presented. If the External Auditor believes that any statement made in the Company's annual report, information or proxy statement or any report filed with the Commission or any regulatory body during the period of its engagement is incorrect or incomplete, the External Auditor shall present its views in said reports.
- (b) The External Auditor of the Company shall not at the same time be engaged as the internal auditor thereof.
- (c) When the External Auditor is tasked to perform non-audit work, the Company shall ensure that said non-audit work shall not be in conflict with its functions as an independent auditor. The Audit Committee shall periodically review fees for non-audit work 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, and disallow any non-audit work that will conflict with the External Auditor's duties to the Company as such or may pose a threat to its independence. "Non-audit work" refers to other services offered by the External Auditor to the Company that are not directly related and relevant to its statutory audit functions, such as payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services and other services, that may compromise the independence and objectivity of the External Auditor.

2.8 Enterprise Risk Management (ERM)

2.8.1 ERM Function

The Company shall have a separate risk management function with the responsibility to identify, assess and monitor key risk exposures. Its enterprise risk management activities shall include the following:

- (a) define a risk management strategy;
- (b) identify and analyze key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
- (c) evaluate and categorize each identified risk using the company's predefined risk categories and parameters;
- (d) establish a risk register with clearly defined, prioritized and residual risks;
- (e) develop a risk mitigation plan for the most important risks of the company, as defined by the risk management strategy;
- (f) communicate and report significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Risk Committee; and
- (g) monitor and evaluate the effectiveness of the organization's risk management processes.

2.8.2 ERM Officer

The Company shall appoint a Group Enterprise Risk Management Officer (GRMO) who shall be the head of the Company's risk management function. The GRMO shall have the following duties and responsibilities, among others:

- (a) supervise the entire ERM process and spearhead the development implementation, maintenance and continuous improvement of ERM processes and documentation;
- (b) communicate the top risks and the status of implementation of risk management strategies and action plans to the Risk Committee;
- (c) collaborate with the CEO in updating and making recommendations to the Risk Committee;
- (d) suggest ERM policies and related guidance, as may be needed; and
- (e) provide insights on the following: (i) risk management processes are performing as intended; (ii) risk measures reported are continuously reviewed by risk owners for effectiveness; and (iii) established risk policies and procedures are being complied with.

There shall be clear communication between the Risk Committee and the GRMO.

2.9 Chief Governance Officer

To ensure adherence to sound corporate governance principles and best practices, the Board shall designate a Chief Governance Officer who shall hold the position of at least a Vice President or its equivalent. The Chief Governance Officer shall have direct reporting responsibilities to the Chairman.

2.9.1 Functions

The Chief Governance Officer shall have the following corporate governance compliance functions:

- (a) monitor compliance with the provisions and requirements of this Manual, the Governance Code and such other circulars, rules and regulations issued in relation thereto (the "CG Rules"), report violation(s) of the provisions of this Manual, the Governance Code and the CG Rules to the

Chairman and Governance and Nomination Committee and recommend the imposition of disciplinary action for such violation(s) and the adoption of measures to prevent the repetition of such violation(s), subject to further review and approval by the Board;

- (b) appear before the Commission when summoned in relation to compliance with the Governance Code;
- (c) assist the Board and the Governance and Nomination Committee in the performance of their governance functions, including the implementation of corporate governance rules and policies, proper onboarding of new directors, and conduct of corporate governance trainings for Directors and Officers; and
- (d) collaborate with other responsible departments of the Company to: (i) monitor, review, evaluate and ensure compliance with relevant laws and regulations; (ii) ensure the integrity and accuracy of documentary submissions to regulatory agencies; and (iii) address compliance issues.

3. Governance Policies and Processes

3.1 Stakeholder Engagement

The Company shall respect the rights of its stakeholders, which include its stockholders, customers, employees, suppliers, investors, creditors, the community in which the Company operates in, the government and regulators. In formulating the Company's strategy and operational decisions, due consideration shall be given to the stakeholders. In this regard, the Company shall establish policies and/or programs for the fair treatment and protection of stakeholders, promote cooperation between the Company and its stakeholders in creating wealth, growth and sustainability, and maintain open communications with its stakeholders through the Company's stakeholder engagement touchpoints which include the Public Affairs Group, Corporate Communications, Investor Relations Office, Customer Care Services, and the Office of the Corporate Secretary.

3.1.1 Stockholders

- (a) The Company shall treat all stockholders fairly and equitably (regardless of nationality, extent of shareholdings in the Company, or distinct personal circumstances), and recognize, protect and facilitate the exercise of their rights as provided for in the Corporation Code, as well as the Articles of Incorporation, By-Laws and all resolutions adopted by the Board establishing and designating classes or series of shares of stock of the Company (the "Constitutive Documents"). These rights are described below:

- (i) **Right to vote** on all matters that require their approval pursuant to the relevant provisions of the Corporation Code and the Constitutive Documents. At every meeting of the stockholders for the election of directors, owners of shares of voting stock of the Company are entitled to cumulative voting in accordance with the By-Laws.

The procedure for the nomination and election of directors is set forth in Annex D.

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

- (iii) **Right to receive information** which is required to be disclosed by the Company

pursuant to the Corporation Code or Securities Regulation Code.

(iv) **Right to dividends** subject to the provisions of the Corporation Code and the Constitutive Documents.

(v) **Appraisal right** or the right to dissent and demand payment of the fair value of their shares in the instances provided for under Section 80 (amendment of articles of incorporation which has the effect of changing or restricting rights of stockholders or class of shares, or authorizing preferences superior to those of outstanding shares of any class, or shortening or extending the term of corporate existence; sale, lease, exchange, transfer, mortgage, pledge or disposition of all or substantially all of the corporate property and assets; merger or consolidation; and investment of corporate funds for any purpose other than the primary purpose of the Company) and in the manner provided under Section 81 of the Corporation Code.

There shall be no pre-emptive right on the part of the stockholders of the Company to subscribe to all issues or disposition of any shares of the Company as provided in the Seventh Article of the Amended Articles of Incorporation.

Stockholders may seek redress in case of any violation of their rights in accordance with applicable laws.

- (b) The Company shall observe applicable laws and regulations in resolving intra-corporate disputes with stockholders, including the applicable rules on alternative dispute mechanisms to resolve such disputes in an amicable and effective manner.
- (c) The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. As a rule, the notice and agenda of meetings must be furnished to the stockholders or posted on the Company's website at least twenty one (21) days prior to each meeting. Stockholders should be encouraged to personally attend such meetings and they should be apprised ahead of time of their right to appoint a proxy in case they could not personally attend such meeting. The exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor, subject to the requirements of applicable laws, regulations and the By-Laws.
- (d) The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to stockholders' participation in meetings, whether in person or by proxy. Relevant and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.
- (e) Stockholders who have matters for discussion or concerns directly relating to the business of the Company may initially elevate such matters or concerns to: (i) the Corporate Secretary; (ii) the Investor Relations Office; (iii) Management; or (iv) the Board.

3.1.2 Other Stakeholders

- (a) The Company shall maintain a communication channel for disseminating relevant information crucial for informed decision-making by investors and other stakeholders.
- (b) The Company shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance, including policies and programs on (i) health, safety and welfare; (ii) training and development; and (iii) reward/compensation for employees.
- (c) The Company shall be mindful of its social responsibility in its dealings with the community where it operates, and ensure that its interactions serve its environment and stakeholders in a positive and progressive manner.

3.2 Disclosures

3.2.1 Disclosure of Material Information

- (a) The Company shall make full, accurate and timely disclosure to the public of all material information and transactions/dealings of the Company, including material and reportable non-financial and sustainability issues, that could potentially affect the market price of the Company's shares, or adversely affect the viability of the Company or the interest of its stockholders and other stakeholders. Such information include, among others, earnings results, acquisition or disposal of significant assets, off balance-sheet transactions, related party transactions, management of economic, environmental, social and governance issues of its business that underpin sustainability.
- (b) The Company shall file with the Commission all written disclosures or reports on material information and transactions/dealings of the Company, in accordance with the Securities Regulation Code and its Implementing Rules and Regulations and the established mechanisms and procedures of the Commission, for the interest of the Company's stockholders and other stakeholders.
- (c) The Company, its Directors, Officers, Executives and employees shall not communicate material non-public information about and involving the Company, including any act, transaction, development or event unless the Company is ready to simultaneously disclose the material non-public information to the Commission and other regulatory bodies having jurisdiction. This rule shall not apply if the disclosure is made to: (i) a person who is bound by a duty to maintain trust and confidence to the Company, such as, but not limited to, the Company's consultants, auditors, legal counsels, investment bankers, financial advisers, and (ii) a person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain. Any disclosure of material non-public information to securities analysts, institutional investors or other third parties who do not fall under items (i) and (ii) above, ahead of the disclosure to be made to the Commission and the general public, shall be considered as a violation of this rule.

Material information means any information about or involving the Company's affairs, events and conditions that has a significant impact in the Company's operations such as, but not limited to, those relating to the Company's financial condition, prospects and development projects which, when brought to the attention of the public, is reasonably expected to induce or otherwise materially affect the market activity and the market price of the Company's shares.

The Board shall ensure that internal controls are established that will ensure that the Company, its Directors, Officers, Executives and employees and any other person who is privy to the Company's material non-public information shall comply with the requirement of this rule.

3.2.2 Disclosure of Other Relevant Information

- (a) The Board shall ensure the disclosure of all relevant and material information on individual Board members and key Officers to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.
- (b) All Directors and Officers shall disclose/report to the Company and the Commission their shareholdings in the Company and any acquisition or disposition of Company shares in the manner and within the period prescribed in the relevant Company policy, laws, rules and regulations, and in the case of acquisition or disposition of Company shares, not more than three (3) business days after the date of the acquisition or disposition.
- (c) The Company shall disclose its Annual Corporate Governance Report, the Company's policies and procedures for setting Board and executive remuneration, the level and mix of the same, as

well as any provisions of such policies on separation and retirement.

3.3 Code of Business Conduct and Ethics and Implementing Policies

The Company shall adopt, implement and monitor compliance with: (a) a Code of Business Conduct and Ethics that provides the general standards for professional and ethical behavior for the Company, its Directors, Officers, Executives and employees in their internal and external dealings, and (b) policies implementing the Code of Business Conduct and Ethics, governing, among others: (i) Conflict of Interest; (ii) Gift-Giving and Anti-Corruption; (iii) Gifts, Entertainment and Sponsored Travel; (iv) Whistleblowing; and (v) Supplier/Contractor Relations.

- (a) The Company shall adopt an anti-corruption policy in its Code of Business Conduct and Ethics and implement the policy by establishing appropriate guidelines, as well as controls and safeguards, on acceptable giving and receiving of gifts and prohibition of bribery.
- (b) The Company shall have a Conflict of Interest Policy that requires directors, officers, employees, and consultants who find themselves in a potential or actual conflict of interest situation to: (a) promptly disclose the matter; and (b) unless otherwise authorized by the Company, to inhibit himself from any action, discussion or decision involving such conflict of interest. The policy shall also prohibit the granting of personal loans to directors or officers by the Company, unless allowed by applicable laws and regulations.
- (c) The Company shall adopt a whistleblowing policy that allows anyone in the Company, acting in good faith, to freely communicate their concerns about illegal or unethical practices and protects whistleblowers and witnesses from retaliation.

3.4 Related Party Transactions (RPTs)

The Company shall adopt, implement and monitor compliance with a policy governing related party transactions (RPTs). The policy shall include the definition of related parties, covered transactions, materiality thresholds and the process of review, approval and disclosure of RPTs, as follows:

- (a) In accordance with the Philippine Accounting Standard 24 on Related Party Disclosures and other laws and regulations, as may be applicable, RPTs shall be reviewed and approved by appropriate authorities designated by the Company. The review shall determine whether an RPT meets the following standards: (i) the RPT is on arm's length terms; and (ii) the RPT is in the best interest of the Company and its stakeholders, as a whole, considering the relevant circumstances;
- (b) Material RPTs shall be reviewed by the Audit Committee, which is composed entirely of Independent Directors, and subject to the approval by the Board and, if required by law, by the stockholders; and
- (c) RPTs shall be disclosed in accordance with the applicable disclosure requirements.

3.5 Corporate Social Responsibility and Sustainability

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.

The Company shall adopt a policy for the disclosure of material and reportable information regarding non-financial and sustainability issues, with focus on the management of economic, environmental, social and governance (EESG) issues of the business, in accordance with a globally recognized standard in reporting sustainability and non-financial information.

4. Monitoring and Implementation

4.1 Compliance and Evaluation System

The Governance and Nomination Committee shall establish the appropriate evaluation system for purposes of monitoring and assessing compliance with this Manual and the applicable provisions of the Governance Code by the Company, Board and Management.

4.2 Reporting of Violations

The Chief Governance Officer shall be responsible for promptly reporting to the Chairman and the Governance and Nomination Committee any violation of this Manual. The Governance and Nomination Committee shall, after proper investigation, notice and hearing, determine and recommend to the Chairman of the Board the appropriate penalty for such violation, subject to further review and approval by the Board.

4.3 Inspection

This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days, subject to such express limitations provided by the Corporation Code and other relevant laws, circulars, rules and regulations.

4.4 Dissemination

This Manual shall be disseminated to all the Directors, Officers, Executives and employees for their information and compliance with the provisions hereof. At least one (1) hard copy of this Manual shall be furnished to every department/division of the Company.

4.5 Communication and Education Programs

The Company shall implement the appropriate communication and training program for the Directors, Officers, Executives and employees, including a corporate governance education program for the Board, to ensure the effective implementation of this Manual.

4.6 Subsidiaries

The Company shall encourage and guide its subsidiaries to adopt a Corporate Governance Manual that is appropriate and applicable to their respective business environments.

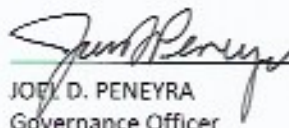
4.7 Continuous Improvement

The Company shall strive to continuously improve its corporate governance standards, benchmark with recognized best practices, and assess the value and practicability of adopting recommended best practices in accordance with the best interest of the Company, its stockholders and other stakeholders, as a whole.

Signed:



MANUEL V. PANGILINAN
Chairman of the Board



JOE D. PENEVRA
Governance Officer

ANNEX A – QUALIFICATIONS FOR DIRECTORSHIP

1. Must own at least one (1) share of stock of the Company standing in his name on the books of the Company;
2. Must have a college education or equivalent academic degree;
3. Must be at least twenty-one (21) years old;
4. Must possess integrity and probity;
5. Must have a practical understanding of the business of the Company or previous business experience; and
6. Must have attended a seminar on corporate governance conducted by a duly recognized private or government entity or must have issued an undertaking to attend such a seminar as soon as practicable.

The Governance and Nomination Committee may consider and recommend to the Board other qualifications which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company, including, but not limited to, membership in good standing in relevant industry, business or professional organization.

ANNEX B – GROUNDS FOR DISQUALIFICATION FROM DIRECTORSHIP

Permanent Disqualification

1. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final, non-appealable judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the Commission:
 - (a) an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
 - (b) 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; or
 - (c) having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or BSP;
2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above.

The disqualification shall also apply if such person: (a) is currently the subject of an order of the Commission 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 Commission or BSP, or under any rule or regulation issued by the Commission or BSP; or (b) has otherwise been restrained to engage in any activity involving securities and banking; or (c) is currently 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 said organization;
3. Any person found guilty by final judgment or order of a foreign court or equivalent securities or banking regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in Sections 1 and 2 above;
4. Any person convicted 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;
5. Any person judicially declared as insolvent;
6. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least thirty per cent (30%) of the capital stock) or entity engaged in a business that the Board, by at least a majority vote, determines to be competitive or antagonistic to that of the Company or any of its subsidiaries;
7. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation or entity engaged in any line of business of the Company or any of its subsidiaries, when in the judgment of the

Board, by at least a majority vote, the laws against combinations and restraint of trade shall be violated by such person's membership in the Board; and

8. Any nominee, as determined by the Board, in the exercise of its judgment in good faith and by at least a majority vote, of any person set forth in Sections 6 and 7 above.

Temporary Disqualification

The Governance and Nomination Committee may consider and recommend to the Board temporary disqualification of a Director based on any of the following grounds:

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations, which disqualification shall be in effect as long as said refusal persists;
- (ii) Absence in more than fifty percent (50%) of all Board meetings, both regular and special, during his incumbency or any twelve (12) month period during said incumbency, unless the absence is due to justifiable causes such as illness, death of an immediate family member or serious accident. This disqualification applies for purposes of the succeeding election;
- (iii) Dismissal or termination for cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- (iv) Being under preventive suspension by the Company (in the case of an Executive Director); and
- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Any temporary disqualification of a Director recommended by the Governance and Nomination Committee to be valid and effective must be approved by the Board and comply with the requirements of applicable laws, rules and regulations.

A temporarily disqualified Director shall, within the period prescribed by the Board, which shall not be less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

The Governance and Nomination Committee may consider and recommend to the Board other grounds for disqualification which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company.

ANNEX C – INDEPENDENT DIRECTOR

“Independent Director” means a person who is independent of management and who, apart from his fees and shareholdings, is free from any business or other relationship with the Company which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company. It refers to a person who, ideally:

- (i) is not an officer or director of the Company or any of its related companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);
- (ii) was not an officer or a director of the Company or any of its related companies or any of its substantial shareholders (other than an Independent Director of any of the foregoing) within the two (2) years immediately preceding the date of his election;
- (iii) was not the chairman *emeritus* or an *ex-officio* director/officer, or a member of the advisory board of the Company or any of its related companies or any of its substantial shareholders, or otherwise appointed in a capacity to assist the board of directors of any of the foregoing in the performance of its duties and responsibilities within the last two (2) years immediately preceding the date of his election;
- (iv) is not an owner of more than two percent (2%) of the shares of stock of the Company or any of its related companies or any of its substantial shareholders;
- (v) is not a relative of any director, officer or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders. For this purpose, “relatives” includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (vi) is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement;
- (vii) is not retained or, within the last two (2) years immediately preceding the date of his election, has not been retained as a professional adviser, auditor, consultant or counsel of the Company or any of its related companies or any of its substantial shareholders, either personally or through his firm;
- (viii) does not engage or has not engaged in any transaction with the Company or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm’s length and could not materially interfere with or influence the exercise of independent judgment;
- (ix) is not employed, or within the last two (2) years immediately preceding the date of his election, has not been employed as an executive officer of another entity where any of the Company’s executive officers serves on that entity’s Compensation Committee;
- (x) is not employed or, within the last two (2) years immediately preceding the date of his election, has not been employed by the Company’s present or former external auditors;
- (xi) is not a securities broker-dealer of listed companies and registered issuers of securities or a person holding any office of trust and responsibility in a securities broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer; or
- (xii) is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or any of its substantial shareholders.

When used in relation to a company, “related company” means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and “substantial shareholder” means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

ANNEX D - GUIDELINES ON THE SEARCH, SCREENING AND SELECTION OF DIRECTORS

The Company's *Guidelines on the Search, Screening and Selection of Directors* (the "Guidelines") was adopted to help ensure and guide the effective and efficient search, screening and selection of candidates for election as members of the Board. The *Guidelines* sets forth the following procedures and safeguards in the director selection process:

- The Governance and Nomination Committee (the "Committee"), through its Secretariat, receives all letters nominating candidates for election as directors/independent directors from stockholders (including minority stockholders).
- The Committee evaluates and screens nominees for directors *vis-à-vis* the applicable qualifications and disqualifications as set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulation.
- For nominees for independent directors, the Committee determines whether or not the nominees meet the independence criteria set forth in the Company's Manual on Corporate Governance, By-Laws, other applicable policy, law or regulation, and other independence criteria set by the Committee.
- The Committee also considers other relevant factors, such as any conflict of interest and directorships and/or positions in other corporations, which may compromise the nominees' capacity to diligently and effectively serve and perform their duties to the Board, the Company and its stakeholders, when elected.
- The Committee shortlists the nominees to be recommended to the Board, and in doing so, ensures that the Board's composition:
 - reflects an effective and balanced mix of knowledge, expertise, experience and skill, and diversity in terms of, among others, age, gender and ethnicity; and
 - is aligned and consistent with the Company's Mission/Vision and strategic directions and the Board's duties and responsibilities.
- Each nominee for independent director is required to submit a written acceptance of the nomination and a Certification of Independent Director stating that he/she possesses all the qualifications and none of the disqualifications for independent directorship, and a list of affiliations and positions that may directly or indirectly give rise to conflict of interest.
- The Committee submits to the Board of Directors its recommended list of final nominees.
- The nominees approved by the Board are recommended for election as directors at the meeting of the stockholders or the Board, as the case may be.

The Committee may use external sources, such as professional search firms, director databases and/or other reputable external sources to further enhance the search for and widen the base of potential nominees. The Committee shall assist the Board in making an assessment of the effectiveness of the processes and procedures in the nomination, election and replacement of a director.

ANNEX E – AUDIT COMMITTEE

The primary purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for:

1. the integrity of the Company's accounting and financial reporting, principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof;
2. the Company's compliance with legal and regulatory requirements; and
3. the Company's audit process and the performance of the Company's internal audit organization and external auditors, including the external auditors' qualifications and independence.

The purposes, functions and responsibilities of the Audit Committee shall be set forth in detail in the Audit Committee Charter.

ANNEX F - GOVERNANCE AND NOMINATION COMMITTEE

The primary purposes of the Committee are to:

1. Oversee the development, implementation and review of corporate governance framework, principles and policies;
2. Review and evaluate the qualifications of the persons nominated to the Board as well as those nominated for election to other positions requiring appointment by the Board;
3. Identify persons believed to be qualified to become members of the Board and/or the Board Committees;
4. Assist the Board in making an assessment of the effectiveness of the processes and procedures for the nomination, election and replacement of members of the Board and/or Board Committees; and
5. Assist the Board in developing and implementing the Board's performance evaluation process.

The purposes, functions and responsibilities of the Governance and Nomination Committee shall be set forth in detail in the Governance and Nomination Committee Charter.

ANNEX G – EXECUTIVE COMPENSATION COMMITTEE

The primary purposes of the Committee are to:

1. Provide guidance to and assist the Board in developing a compensation philosophy or policy consistent with the culture, strategy and control environment of the Company;
2. Oversee the development and administration of the Company's executive compensation programs, including long term incentive plans and equity based plans for Officers and Executives; and
3. Assist the Board in the performance evaluation of and succession planning for Officers, including the CEO, and in overseeing the development and implementation of professional development programs for Officers.

The purposes, functions and responsibilities of the Executive Compensation Committee shall be set forth in detail in the Executive Compensation Committee Charter.

ANNEX H – RISK COMMITTEE

The primary purpose of the Committee is to assist the Board in fulfilling its governance functions relating to risk management, including the functions to:

1. Oversee Management's adoption and implementation of a system for identifying, assessing, monitoring and managing key risk areas, and
2. Review Management's reports on the Company's major risk exposures and Management's plans and actions to minimize, control or manage the impact of such risks.

The purposes, functions and responsibilities of the Risk Committee shall be set forth in detail in the Risk Committee Charter.