

REVISED¹ MANUAL ON CORPORATE GOVERNANCE
OF
MILLENNIUM GLOBAL HOLDINGS, INC.



The Board of Directors and the Management of **Millennium Global Holdings, Inc.** (the "Company") commit themselves to the principles and best practices of good corporate governance contained in this Manual, and acknowledge the same as a guide towards the attainment of their corporate goals.

I. OBJECTIVE AND DEFINITION OF TERMS

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

The Board of Directors and Management, employees and shareholders of the Company believe that corporate governance is a necessary component of what constitutes a sound strategic business management and will endeavor to undertake all reasonable efforts necessary to create awareness within the organization.

- a) **Corporate Governance-** is a system of stewardship and control to guide organizations in fulfilling their long term economic, moral, legal and social obligations towards their stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior and reconciling long term customer satisfaction with shareholder value for the benefit of all stakeholders and society.
- b) **Board of Directors-** the governing body elected by the stockholders which exercises the corporate powers of a corporation, conducts all of its business and controls its properties.
- c) **Management- group** of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.
- d) **Independent Director-** a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
- e) **Executive Director-** a director who is a member of the management team of the corporation.

¹ In compliance with SEC Memorandum Circular No. 19, Series of 2016.

- f) **Non-Executive Director-** a director who is not a member of the management team of the corporation and does not perform any work related to the operations of the corporation.
- g) **Internal Control-** a process designed and effected by the Board of Directors, senior management on all levels of personnel to provide reasonable assurance of the achievement of its objectives through efficient and effective operations, reliable, complete and timely financial and management information and compliance with applicable laws, regulations, and the policies and procedures of the Company.
- h) **Related Party-** covers the Company's subsidiaries, as well as affiliates and any party that the Company exerts direct or indirect control over the company, directors, officers, shareholders, and related interests (DOSRI) and their close family members as well as corresponding persons in affiliated companies.
- i) **Related Party Transactions-** a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties. But also outstanding transactions that are entered into with an unrelated party that subsequently become a related party.
- j) **Stakeholders-** any individual, organization, or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations in general, such as customers, creditors, employees, suppliers, investors, as well as the government and the community in which it operates.

II. CORPORATE GOVERNANCE RESPONSIBILITIES OF THE BOARD

1. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors.

It shall be the responsibility of the Board to foster the long-term success of the Company and secure its sustained competitiveness in the manner consistent with its fiduciary responsibility, which it shall reasonably exercise in the best interest of the Company, its shareholders and other stakeholders. The Board shall conduct itself with honesty and integrity in the discharge of its duties, functions and responsibilities.

A Composition of the Board

- 1. The Board shall be composed of members in such number as determined in the Articles of Incorporation, elected by shareholders with at least two (2) independent directors or at least twenty percent (20%) of the members of such Board or in such minimum number as

may be mandated by Securities and Regulation Code (SRC).

2. The shareholders may elect a combination of executive and non-executive directors, which in general, be composed of a majority of non-executive directors.
3. The Board shall be headed by a competent and qualified Chairman.

B. Training

1. A director shall, as much as practicable, before assuming his position, be required to attend a seminar on corporate governance from duly SEC-accredited training providers.

2. Unless otherwise exempt by the SEC or other such competent regulatory agencies of the government, the Company shall provide general access to training courses to its directors to keep them updated in their knowledge and understanding of its business. It may cover courses on corporate governance matters, including audit, internal controls, risk management, sustainability and strategy.

C. Board Diversity

1. The Company shall, as much as practicable, endeavors to ensure diversity in the Board, in terms of age, ethnicity, skills, competence and knowledge.

D. General Responsibility

A director's office is one of trust and confidence. The Director shall act in a manner characterized by transparency, accountability and fairness. The Board should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all its stakeholders.

E. Specific Duties and Functions

To ensure a high standard of best practice for the Company, its shareholders and other stakeholders, and in addition to its other duties and functions, the Board shall as much as practicable:

- Installs and implements a process of selection to ensure the election/appointment of competent directors, who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- Determines the Company's purpose, its vision and mission and formulate strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance;
- Formulates a Board Charter to serve as a guide to the directors in the performance of their functions. The Board Charter shall be posted on the company website;

- Adopts and ensures the proper implementation and monitoring of compliance of a Code of Business, Conduct and Ethics, properly disseminated to the Board, senior management and employees and disclosed and made available to the public through the Company website;
- Appoints competent, professional, honest and highly motivated management officers, and adopts an effective succession-planning program for key officers and management;
- Ensures that the Company complies with all relevant laws, regulations and best business practices;
- Identifies the Company's stakeholders and formulates a clear policy on communicating or relating with them and a process to obtain redress for the violation of their rights;
- Adopts a system of internal checks and balances. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting process. There should be a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness and ensure the integrity of financial reports and protection of the assets of the Company for the benefit of all stockholders and other stakeholders. A mechanism shall be set up for monitoring and managing potential conflicts of interest of management, board and shareholders;
- Identifies key risk areas and key performance indicators and monitors these factors with due diligence, and ensures that a sound Enterprise Risk Management framework is in place;
- Discharges properly Board function by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;
- Keeps the activities and decisions of the Board within its authority and within the powers of the institution as prescribed in the Articles of Incorporation, By-laws and existing laws, rules and regulations;
- Formulates and implements group-wide policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- Establishes and maintains an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;
- Conducts and annual self-assessment of its performance, including the Chairman, individual members and the Board Committees. Every three (3) years, an external facilitator shall support the assessment;
- Ensures that the remuneration of key officers and members of the Board are aligned with the long-term interests of the Company; and
- Assess the performance of the Management based on established performance standards that are consistent with the Company's strategic objectives.

F. Duties and Responsibilities of a Director

The duties and responsibilities of a director shall include the following:

- To fairly conduct business transactions with the Company and to ensure that personal interest does not bias Board decisions;
- To devote time and attention necessary to properly discharge his duties and responsibilities;
- To act judiciously;
- To exercise independent judgment;
- To have a reasonable working knowledge of statutory and regulatory requirements affecting the Company, including the contents of its articles of Incorporation and By-laws, the requirements of the commission, and where applicable, the requirements of other regulatory agencies;
- To observe confidentiality;
- To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment; and
- To notify the Board before accepting a directorship in another company.

G. Nomination and Election of the Board of Directors

In addition to the Revised Implementing Guidelines of the Nomination Compensation and Election Committee, the nomination and election of directors shall be guided by the following:

- The Corporate Secretary shall set a reasonable period for the submission of names of nominees for election to the Board of Directors. All nominations must be in writing and addressed to the Corporate Secretary. The nomination of Independent Directors must contain the written conformity of the nominee;
- The Nomination Compensation and Election Committee shall convene at least sixty (60) calendar days prior to the election, to pre-screen and check the qualifications and disqualifications of all nominees to be elected to the Board of Directors. Only the names in the Final List of Candidates issued by a majority vote of the said Committee and no other, shall be considered for election by the shareholders; and
- The Company may engage the services of an external party to validate the voting results.

2. Compliance Officer

To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. He shall have the direct reporting responsibilities to the Chairman of the Board and is primarily liable to the Company and its

shareholders.

A. The duties of the Compliance Officer shall include the following:

- Monitors compliance with the provisions and requirement of this Manual and the rules and regulations of regulatory agencies;
- Appears before the Securities and Exchange Commission upon summon on similar matters that need to be clarified by the Commission;
- Determines violations of the Manual, reporting the matter to the Board, the Chief Executive Officer and the Management Committee and recommends remedial measures or imposition of appropriate disciplinary action on responsible parties to prevent repetition of the violation, in accordance with the provisions of the Manual;
- Identifies, monitors and controls compliance risk and works towards the resolution of compliance issues;
- Ensures proper onboarding of new directors such as orientation on the company's business, charter, articles of incorporation and by-laws as well as relevant policies;
- Ensures the integrity and accuracy of all documentary submissions to regulators;
- Collaborates with other departments to properly address compliance issues, which may be the subject of investigation;
- Ensures the attendance of board members and key officers to relevant trainings; and
- Performs such other duties and responsibilities as may be directed by SEC.

B. The appointment of the Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

3. Corporate Secretary

A. The Corporate Secretary shall assist the Board in its duties. The Corporate Secretary is an officer of the company and is expected to perform his duties efficiently and diligently. The Corporate Secretary shall be a Filipino citizen. Considering his/her varied functions and duties, he/she must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He/She preferably must also have some financial and accounting skills.

B. Duties and Responsibilities of the Corporate Secretary:

- Assists the Board and the Board Committees in the conduct of meetings, including the preparation of annual schedule and agenda of the meetings;
- Informs the Board and the Board Committees the agenda of the meetings;
- Gathers and analyzes all documents, records and other information essential to the conduct of his duties and

responsibilities to the Company;

- Safekeeps and preserves the integrity of the meetings of the Board and Board Committees as well as other corporate records;
- Keeps abreast of relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company and as much as practicable advises the Board and the Chairman on all relevant issues as they arise;
- Assists the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- Attends all Board meetings and maintains records of the same;
- Submits to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings;
- Ensures that all procedures, rules and regulations are followed by the members;
- Works fairly and objectively with the Board, Management, stockholders and other stakeholders;
- Advises on the establishment of Board Committees and their terms of reference;
- Oversees the drafting of the by-laws and ensure that they conform to regulatory requirements; and
- Performs other duties which the Board may deem fit and as may be directed by SEC.

4. Board Committees

To aid in complying with the principles of good corporate governance, the Board may constitute appropriate committees to focus on specific board functions to aid in the optimal performance of its roles and responsibilities. The type of Board committees to be established by the Company would depend on its size, risk profile and complexity of operations. The following are the Board Committees:

A. Nomination, Compensation and Election Committee

- a) The Board may establish a Nomination, Compensation and Election Committee which shall be composed of the Chairman, and two (2) directors appointed by the Board (including one senior officer who is non-voting). The committee shall ensure that through a managed and effective system consistent with the by-laws, board elections are made that provide a mix of proficient directors, each of which is able to add value and to bring prudent judgment to bear on the decision making process.
- b) The Nomination, Compensation and Election Committee shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications, and disqualifications provided under the Corporation Code, the Securities and Regulation Code, other relevant laws, and the Company's By-laws and take into consideration the availability, capability, track record and experience of

all nominees for regular as well as for independent director. The following are the minimum qualifications and disqualifications:

Qualifications:

- A stockholder of record in the books of the Company, owning at least one (1) share of the capital stock of the Company. He must continuously own at least one (1) share of stock during his term, otherwise he shall automatically cease to be a director.
- Have high educational attainment and/or sufficiently relevant experience in managing the business of the Company.
- Proven to possess a record of integrity and good repute.

Permanent Disqualification

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

- Conviction by final judgment by a Philippine or foreign court or any regulatory agency, for 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 any offense involving moral turpitude such as among others, fraud, embezzlement, counterfeiting, misappropriation, bribery, perjury and other fraudulent acts;
- Engaged in any business which competes with or is antagonistic to that of the Company;
- Judicially declared insolvent;
- Circumstances or acts clearly demonstrate that the person is not a *bona fide* nominee and in fact is only a nuisance candidate, or clearly indicate that he does not have any good intentions for the Company;
- Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation, shall be disqualified as independent director;
- As a rule, an independent director may serve for a maximum of nine (9) consecutive years, starting from 2012. However, the Company must ensure that the shareholders' legal right to vote and be voted directors remains inviolable and the Company may retain any independent director who has served for nine (9) consecutive years, provided meritorious justifications exist and the shareholders are advised of such justifications during the annual shareholders' meeting;
- In consultation with the Nomination, Compensation and Election Committee, the Board may, from time to time, provide for additional qualifications, disqualifications and grounds for temporary disqualifications of a director, consistent with the Corporation Code, the Securities and Regulation Code and other relevant laws/regulations, the Company's By-laws and this Manual; and

- Other grounds as SEC may provide.

Temporary Disqualification

- Absence or non-participation in more than fifty percent (50%) of all meetings (both regular and special) of the Board of Directors during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification shall apply for purposes of the succeeding election.
 - Dismissal or termination for cause as director of any publicly listed company. The disqualification should be in effect until the director has been cleared from any involvement in the cause that gave rise to the termination or dismissal.
 - Beneficial equity ownership of an independent director exceeds two percent (2%) of its subscribed capital stock. The disqualification is lifted if the limit is later complied with.
 - If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
- c. In consultation with the Risk Management and Oversight Committees, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirement of the business as a going concern and future expansionary prospect within the realm of good corporate governance at all times.
- d. The Nomination Compensation and Election Committee shall consider the following guidelines in the determination of the number of directorship which a member of the Board may hold:
- The nature of the business of the corporations in which he is a director;
 - Age of the director;
 - Number of directorships or active memberships and officerships in other corporations or organizations; and
 - Possible conflict of interest.
- The optimum number shall be related to the capacity of a director to perform his duties diligently in general.
- e. Included in its duties and responsibilities are the following:
- Nominates directors and reviews the qualifications of Directors, Board Committee Members and Corporate officers;
 - Reviews the structure, size, and composition of the Board and makes recommendations to ensure that the Board has the required number of independent directors;
 - Screens individuals nominated for election as directors to ensure that such nominees possess all the qualifications and

none of the disqualifications as may be provided by law, rules and/or regulations;

- Establishes a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provides oversight over remuneration of senior management and other key personnel ensuring that the compensation is consistent with the Company's culture, strategy and control environment;
- Designates the amount of remuneration, which shall be at a sufficient level to attract and retain directors and officers who are needed to run the company successfully;
- Establishes a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers;
- Recommends remuneration packages for corporate and individual performance;
- Develops a Full Business Interest Disclosure form as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties once hired;
- Disallows any director to decide his or her own remuneration;
- Provides in the Company's annual reports, information and proxy statements, if applicable, a clear, concise and understandable disclosure of the compensation of its executive officers for the previous fiscal year and the ensuing year;
- Reviews the existing salary structure of the senior management; and
- Performs other tasks and duties as may be requested or delegated by the Board.

- f. The Chief Executive Officer and both executive and non-executive directors as well as independent directors, shall submit themselves to reasonable indicative limit on membership in other corporate Boards. The Board may consider the adoption of guidelines on the number of directorships that its members can hold in publicly listed corporations while ensuring that their legal right to vote and be voted as directors remains inviolable. The Board should take into consideration the ability of the director to diligently and efficiently perform his duties and responsibilities and the nature and kind of corporations he may be director of, regardless of the number of directorships he may be holding in any case, the capacity of directors to serve with diligence shall not be compromised.

B. Corporate Governance Committee

- a. The Board may establish a Corporate Governance Committee which as much as practicable, be composed of one (1) independent director and two (2) regular directors. The Chairman of the Committee shall be an independent director.
- b. The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities.
- c. The Corporate Governance Committee shall ensure compliance with and proper observance of corporate governance principles and practices. The following are its duties and functions:
 - Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in the light of material changes in the Company's size, complexity and business strategy as well as its business and regulatory requirements;
 - Oversees the periodic performance evaluation of the Board and its committees as well as Management and conducts annual self-evaluation of its performance;
 - Ensures that the results of the Board evaluation are shared and discussed, and that concrete action plans are developed and implemented to address the identified areas of improvement;
 - Recommends, proposes and plans continuing education or relevant training programs for directors, assignment of tasks or projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
 - Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
 - Ensures that the Company has at least two (2) independent directors or at least twenty percent (20%) of the members of such Board or in such minimum number as may be mandated by Securities and Regulation Code (SRC);
 - Reviews the recommendations of the Compliance Officer with regard to the requirements and/or violations of the Manual for Corporate Governance and other corporate governance rules and endorses the same to the Board for its review and/or approval;
 - Determines the nomination and election process for the Company's directors and has the special duty of defining the general profile of board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
 - Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as

well as the business environment in which it operates.

C. Risk Management and Oversight Committee

The Board may establish a separate Risk Management and Oversight Committee that is responsible for the oversight of a Company's Risk Management system to ensure its functionality and effectiveness. It shall as much as practicable be composed of two (2) regular directors and one (1) independent director. The Chairman of the Board shall designate the Chairman of the Committee.

Duties and Responsibilities. The Risk Management and Oversight Committee shall have the following powers and functions:

- Oversees the formulation and establishment of an enterprise-wide risk management system;
- Reviews, analyzes and recommends the policy, framework, strategy, method and/or system used by the Company to manage risks, threats or liabilities;
- Advises the Board on its risk appetite levels and risk tolerance limits;
- Reviews and assesses the likelihood and magnitude of the impact of material events on the Company and/or recommends measures, responses or solutions to avoid or reduce risks or exposures;
- Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the action taken to reduce the risk, and recommends further action or plans, as necessary;
- Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness;
- Advises the Board on its risk appetite levels and risk tolerance limits and reviews the same, at least annually;
- Performs oversight financial statement functions, specifically in the areas of managing credit, market, liquidity, operational, legal and other risk of the Company; and
- Performs such other duties and functions and/or assumes such responsibilities as may be delegated by the Board of Directors.

D. Audit Committee

- a. The Audit Committee shall as much as practicable be composed of at least three (3) non-executive members of the Board, two (2) of whom shall be independent directors. The committee chairman shall be an independent director and preferably should not be the chairman of any other committees. Each member shall have adequate understanding at least, or competence at most, of the Company's financial management systems and environment.
- b. The board shall have an Audit Committee to enhance its oversight

capability over the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations.

Included in the duties and responsibilities are:

- Recommends the approval of the Internal Audit Charter (IA Charter) defining the role of Internal Audit and the audit plan and the implementation of the IA Charter;
- Monitors and evaluates, through the Internal Audit Department, the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting and security of physical and information assets;
- Oversees the Internal Audit Department and recommends the appointment and/or grounds for approval of an internal audit head. It approves the terms and conditions for outsourcing audit services if applicable;
- Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities;
- Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- Reviews and approves all financial reports against their compliance with both the internal financial management handbook and pertinent accounting standards, including tax, legal and regulatory requirements, going concern assumptions and significant adjustments;
- Reviews with Management or as necessary, the Corporate performance in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company and crisis management;
- Reviews the disposition of the recommendations in the External Auditor's management letter;
- Performs oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risk of the Company, and crisis management;
- Pre-approves all external audit plans, scope, nature, expenses and frequency at least one (1) month before the conduct of external audit and examines and determines any non-audit work including non-audit fees;
- Recommends to the Board the appointment, re- appointment, removal and fees of the External Auditors, duly accredited by the SEC;
- Performs direct interface functions with the Internal and External auditors;
- Ensures full compliance with Philippine Accounting Standards (PAS);
- Develops a transparent financial management system

that will ensure the integrity of internal control activities throughout the company thru step-by-step procedures and policies handbook that will be used by the entire organization;

- Develops a formal enterprise risk management plan and ensure implementation to determine its functionality and effectiveness;
- Reviews material related party transactions (RPT) of the Company, taking into account the following:
 - a. The related party's relationship to the Company and interest in the transaction;
 - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c. The benefits to the Company of the proposed RPT;
 - d. The availability of other sources of comparable products or services; and
 - e. Assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.
- Ensures that appropriate disclosures are made and/or information is provided to regulating and supervising authorities;
- Regularly reports to the Board, the activities findings, decisions, deliberation and recommendations in connection with any RPT; and
- Oversee the implementation of the system of identifying, monitoring, measuring, controlling and reporting RPT, including periodic review of RPT related procedures and policies.

F. Committee Charters

All established committees shall be required to have Committee Charters which shall state their purpose, memberships, structures, operations, accountabilities, reporting processes, resources and such other relevant information. The Charters shall provide the standards for self-assessment and disclosed in the Company website.

5. Reinforcing Board Independence

- A. The Board shall, in accordance with law, have at least two (2) independent directors or at least twenty percent (20%) of the members of such Board or in such minimum number as may be mandated by Securities and Regulation Code (SRC).
- B. The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications as required by SEC and other applicable laws and regulations. Prior to election the nominees shall submit a Certification of Qualifications.

An independent Director refers to a person who, ideally:

- Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the company;
- Is not, and has not been in the three years immediately preceding the election, a director of the company; a director, officer, employee of the company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the company's substantial shareholders and its related companies;
- Has not been appointed in the company, its subsidiaries, associates, affiliates or related companies as Chairman, Director, Officer, or member of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;
- Is not a relative of a director, officer, or substantial shareholder of the company or any of its related companies or of any of its substantial shareholders. For this purpose, relative include spouse, parent, child, siblings and the spouse of such child or sibling;
- Is not acting as nominee or representative of any director of the company or any of its related companies;
- Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
- Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment; and
- Is not employed as an executive officer of another company where any of the company's executives serve as directors.

C. As a rule, independent directors may serve for a maximum of nine (9) consecutive years, starting in 2012, making sure however that the shareholders' legal right to vote and be voted directors remain inviolable. If the company wants to retain an independent director who has served for nine consecutive years, the Board should provide meritorious justifications and sufficient reasons to believe that the individual concerned remains to be independent and advise the shareholders of such justifications during the annual shareholders' meeting.

D. The positions of Chairman of the Board and Chief Executive Officer,

if possible, shall be held by separate individuals and each should have clearly defined responsibilities.

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

- Determines the Company's strategic direction and formulates and implements its strategic plan on the direction of the business;
- Communicates and implements the Company's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- Oversees the operations of the Company and manages human and financial resources in accordance with the strategic plan;
- Has a good working knowledge of the Company's industry and market and keeps up-to-date with its core business purpose;
- Directs, evaluates and guides the work of the key officers of the Company;
- Manages the Company's resources prudently and ensure a proper balance of the same;
- Provides the Board with timely information and interfaces between the Board and the employees;
- Builds the corporate culture and motivates the employees of the Company; and
- Serves as the link between internal operations and external stakeholders.

- E. The Board as it may deem necessary designate a lead director who shall be an independent director. The lead director shall serve as an intermediary between the Chairman and other directors, convene and chair the meetings of non-executive directors and contribute to the performance evaluation of the Chairman.
- F. A director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations of the same.
- G. Whenever necessary, the non-executive directors (NED) may have separate meetings with the external auditor and heads of internal audit, compliance and risk functions, without any executive director.

III. DISCLOSURE AND TRANSPARENCY

1. Reportorial or Disclosure System of Company's Corporate Governance Policies

- a. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer, through the Company's Compliance Officer.
- b. All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, and related party transactions, shareholding of directors and changes of

- ownership, including material and reportable non-financial and sustainability issues.
- c. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy and off balance sheet transactions.
 - d. All disclosed information shall be released via the approved stock exchange procedure for corporate announcements as well as through the annual report.
 - e. The board shall commit at all times to fully disclose information on material dealings. It shall cause the filing of all required information for the interest of its stockholders and other stakeholders.
 - f. The Company shall establish corporate disclosure policies and procedures that are practical, reasonable and in accordance with best practices, regulatory expectations and legal requirements, to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders, giving a fair and complete picture of a company's financial condition, results and business operations.
 - g. The Company shall maintain a comprehensive and cost efficient communication channel for disseminating relevant information which may include media and analysts' briefings.

2. External Auditor

- a. The selection, appointment, re-appointment, removal and fees of external auditor shall be approved by the Board upon the recommendation of the Audit Committee and ratified by the stockholders. An external auditor shall ensure an environment of good corporate governance as reflected in the financial records and reports of the Company.
- b. The reason/s for any resignation, dismissal or cessation from service and the date thereof of the external auditor shall be reported in the Company's annual and current reports. The reports shall include a discussion of any disagreement with the former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.
- c. The external auditor of the Company shall not at the same time serve as its internal auditor to the same client. The Company shall ensure that other non-audit work will not be in conflict with the functions of the external auditor. Should there be non-audit services, the Company shall disclose its nature in the Annual Report.
- d. The Company's external auditor shall either be rotated or the handling partner shall be changed every five (5) years or earlier.
- e. If an external auditor believes that the statements made in the Company's annual report, information statement or proxy statement that were filed during his engagement is incorrect or incomplete, he shall present his views on the reports.

- f. The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors.

IV. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

- a. The Company shall establish a strong and effective internal control system and enterprise risk management framework.
- b. A separate independent internal audit function in the Company shall be in place to monitor and guide the implementation of company policies. This function shall be performed by an Internal Auditor or a group of Internal Auditors, through which the Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.
- The Internal Auditor shall be appointed by the Board and directly report to the Audit Committee. He shall oversee and be responsible for the internal audit activity of the Company.
 - The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, ultimately accountable for the Company's organizational and procedural controls.
 - The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors; the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.
 - The functions of Internal Auditor shall be provided in the Internal Audit Charter.
- c. The Company shall have a separate risk management function to identify, assess and monitor key risk exposures.

The risk management function involves the following activities, among others:

- Defines a risk management strategy;
- Identifies and analyzes key risk exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
- Evaluates and categorizes each identified risk using the company's predefined risk categories and parameters;
- Establishes a risk register with clearly defined, prioritized and

residual risk;

- Develops a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;
- Communicates and reports significant risk exposures including business risks (i.e. strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Risk Management and Oversight Committee; and
- Monitors and evaluates the effectiveness of the organization's risk management processes.

V. SHAREHOLDER'S BENEFIT

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

A. Investors' Right and Protection

1. Rights of Investors/shareholders

The Board respects the rights of the shareholders in accordance with the Corporation Code.

2. Voting Right

- Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code and the Company's By-laws.
- Cumulative voting may be used in the election of directors.
- A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

3. Pre-emptive Right

All shareholders shall enjoy pre-emptive right to subscribe to all issues or disposition of shares of any class in proportion to their respective shareholdings unless such rights is denied in the Company's Articles of incorporation or an amendment thereto. This right shall be subject to the limitations/expectations prescribed under the Corporation Code.

4. Power of Inspection

Shareholders shall be allowed to inspect corporate books and records in accordance with the Corporation Code. They shall be furnished with the Company's Annual Report/s (SEC Form 17-A filed with the SEC) upon request to the Office of the Corporate

Secretary. Shareholders shall also be furnished with a copy of the audited Financial Statements (which form part of SEC form 17-A or SEC 20-IS filed with the SEC).

5. Right to Information

- The Shareholders shall be provided, upon request, with the latest available 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 minority shareholders shall be granted the right to propose the holding of a meeting in accordance with Section 50 of the Corporation Code and the By-laws of the Company and to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

6. Right to Dividends

- Shareholders shall have the right to receive dividends subject to the discretion of the Board, and in accordance with the Corporation Code.
- The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or program approved by the Board; or b) when the Company is prohibited under any loan agreement with any financial institution and 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 special reserve for probable contingencies.

7. Appraisal Right

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

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the

- Corporation Code; and
- In case of merger or consolidation.

8. Promotion and Enhancement of Rights

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

9. Shareholder's Attendance and Participation in the Annual Meeting

The Board shall encourage active shareholder participation by sending Notice of Annual and Special Meetings with sufficient relevant information within the period prescribed by the SEC before the meeting.

10. Results of the Annual or Special Shareholders' Meeting

Results of the meeting shall be publicly available the next working day after the meeting and the same shall be available on the Company website within the period prescribed by the SEC from the end of the meeting.

11. Investor Relations Office (IRO)

An Investor Relations Office (IRO) shall be established and its officer shall be present at every shareholders' meeting.

B. Encouraging Employees' Participation

1. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of Company's goals and in its governance.
2. The Board shall adopt an anti-corruption policy and program properly disseminated to the employees across the Company.
3. The Board shall establish a suitable framework for whistleblowing that will allow employees to freely communicate their concerns about illegal and unethical practices.

C. Encouraging Sustainability and Social Responsibility

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

VI. COMMUNICATION PROCESS

- A. This manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.
- B. All directors, executives, division and department head are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- C. A copy of the Manual shall be posted on the Company Website.

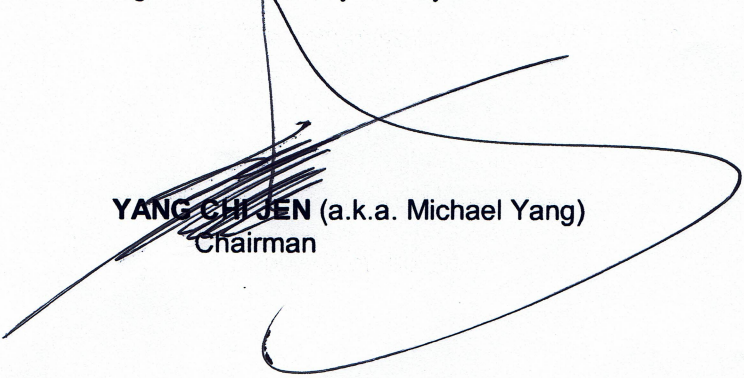
VII. MONITORING AND ASSESSMENT

- A. Each Committee shall report regularly to the Board of Directors.
- B. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part VIII of this Manual.
- C. The establishment of the evaluation system, including the features thereof, shall be disclosed in the company's annual report or in such form of report that is applicable to the Company. The adoption of such performance evaluation system must be approved by the Board.
- D. This Manual shall be reviewed by the Board as needed, unless the Board determines that it should be reviewed at more frequent intervals. The Manual may be amended as determined by the Board from time to time.
- E. 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 discontinued unless they are changed to the extent necessary to be compliant with this manual.

VIII. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- A. To strictly observe and implement the provisions of this Manual, the following penalties shall, after notice and hearing, be imposed on the company's directors, officers and staff, and on the respective directors, officers and staff of subsidiaries and affiliates in case of violation of any of the provisions of this Manual:
- In case of the **first violation**, the subject person shall be reprimanded.
 - Suspension from office shall be imposed in case of the **second violation**. The duration of the suspension shall depend on the gravity of the violation.
 - **For the third violation**, the maximum penalty of removal from office shall be imposed.
- B. The commission of a third violation of this manual by any member of the board of the Company or its subsidiary and affiliate shall be a sufficient cause for removal as a director.
- C. The Compliance Officer shall be responsible for determining violation/s after notice and hearing and shall recommend to the Chairman of the Board the impossible penalty for such violation, subject to further review and approval of the Board.

Signed this 25th day of May 2017


YANG CHI JEN (a.k.a. Michael Yang)
Chairman


JANINE G. MANZANO
Compliance Officer