

First Gen Corporation
Revised Manual on Corporate Governance



The Board of Directors, management and employees of First Gen Corporation (hereafter the “**Corporation**”) hereby commit themselves to the principles and best practices contained in this Manual on Corporate Governance (hereafter the “**Manual**”) and acknowledge that the same will guide the attainment of the Corporation’s mission, vision and corporate goals.

1. Objective

This Manual intends to institutionalize the principles of good corporate governance.

“**Corporate Governance**” is the system of stewardship and control to guide the Corporation and its Board of Directors (hereafter the “**Board**”) in fulfilling their long-term economic, moral, legal and social obligations towards the Corporation’s stakeholders.

The Board, management, employees and shareholders of the Corporation believe that corporate governance is a necessary component of what constitutes sound strategic business management to improve the economic and commercial prosperity of the Corporation and enhance shareholder value. They will therefore undertake every effort necessary to create awareness within the Corporation.

In its pursuit to uphold principles of good corporate governance, the Corporation recognizes and places importance on the interdependence between business and society, and endeavours to promote a mutually-beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates.

2. Compliance Officer

2.1 The Board shall ensure that it is assisted in its duties by a Compliance Officer, who shall have a rank of Senior Vice President or equivalent position with adequate stature and authority in the Corporation, and who shall report directly to the Chairman of the Board (hereafter the “**Chairman**”). The Compliance Officer shall not be a member of the Board and shall annually attend a training on corporate governance. As far as practicable, the Compliance Officer and Corporate Secretary shall be separate individuals.

2.2 The Compliance Officer shall have the following duties and responsibilities:

- a. Monitor compliance by the Corporation with this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary actions on the responsible parties and the adoption of measures to prevent a repetition of the violation;
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- b. Appear before the Securities and Exchange Commission (hereafter the “**Commission**”) when summoned on matters relating to this Manual; and
 - c. Recommend to the Board the review of this Manual.
- 2.3 To ensure compliance with the rules on disclosure of transactions in the Corporation’s securities, the Corporation’s directors shall report their dealings in the Corporation’s securities to the Compliance Officer within three (3) business days from the transaction.

3. Board of Directors

3.1 Composition of the Board of Directors

The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Corporation’s industry/sector. The Board shall ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the Corporation based on the evolving business environment and strategic direction. The Board shall comply with a policy of ensuring diversity in its composition and consider the following factors, among others: age, ethnicity, culture, skills, competence and knowledge.

The Board shall be composed of at least five (5) but not more than fifteen (15) members who are elected by the stockholders. Insofar as may be practicable, the Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective and independent judgment on corporate affairs and substantiate proper checks and balances.

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

The non-executive directors shall possess such qualifications and stature as would enable them to effectively participate in the deliberations of the Board. Non-executive directors shall concurrently serve as directors in a maximum of five (5) publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge management’s proposals/views, and oversee the long-term strategy of the Corporation.

The non-executive directors shall, insofar as may be practicable, have separate meetings without any executive director present to ensure that proper checks and balances are in place within the Corporation. They shall endeavour to periodically meet with the external auditor and heads of the internal audit, compliance and risk functions. The meetings shall be chaired by the Lead Independent Director as may be appointed by the Board.

3.2 Duties and Responsibilities of the Board of Directors

3.2.1 General Duties and Responsibilities of the Board of Directors

The Board shall have the principal responsibility of ensuring the Corporation's compliance with the principles of good corporate governance. Corollary to setting the policies for the accomplishment of corporate objectives, the Board shall provide an independent check on management. It shall be the Board's duty and responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interests of the Corporation, and in proper cases, its shareholders and other stakeholders. To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall conduct itself with utmost honesty and integrity in the performance and discharge of its duties, functions and responsibilities. The Directors shall devote sufficient time and attention to their duties and responsibilities and notify the Board prior to accepting a directorship in another company.

3.2.2 Specific Duties and Responsibilities of the Board of Directors

The Board has the following specific duties and functions to implement corporate governance principles:

- a. Oversee the development of and approve the Corporation's business objectives and strategies which are formulated in accordance with the Corporation's vision and mission, and monitor their execution and implementation in order to sustain the Corporation's long-term viability and strength;
- b. Establish a process for the selection of qualified and competent directors and officers;
- c. Endeavour to adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in shareholder value, which program shall, as may be practicable, include a policy on the retirement age for directors and key officers;

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- d. Approve the selection and assess the performance of management led by the Chief Executive Officer as well as other officers of the Corporation, and establish an effective performance management framework to ensure that their performance is at par with the standards set by the Board and senior management;
 - e. Determine the Corporation's purpose, vision and mission, and strategies to carry out its objectives;
 - f. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures;
 - g. Ensure that the Corporation complies with all relevant laws, regulations and best business practices;
 - h. Identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability and establish clear policies and programs to provide a mechanism on their fair treatment and protection;
 - i. Establish and maintain an investor relations program that will keep the Corporation's stockholders informed of important developments in the Corporation;
 - j. Adopt a system of internal checks and balances and conduct a regular review of the effectiveness of such a system to ensure the integrity of the decision-making and reporting processes;
 - k. Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;
 - l. Ensure that an appropriate internal control system is in place, which may include setting up a mechanism for monitoring and managing potential conflicts of interest of management, members of the Board, and shareholders;
 - m. Properly discharge Board functions by meeting regularly, which meetings shall be duly minuted;
 - n. As may be determined by the Board, adopt policies and systems governing material transactions with related parties and other unusual and infrequently occurring transactions to guarantee fairness and transparency of transactions, including adopting a related party transaction policy and constituting an approving authority or committee for such matters;

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- o. Keep Board authority within the powers of the Corporation as prescribed in its Articles of Incorporation and By-Laws, and in existing laws, rules and regulations;
 - p. Establish policies, programs and procedures that encourage the Corporation's employees to actively participate in the realization of the Corporation's goals and in its governance;
 - q. Promote a culture of accountability, transparency, good governance and anti-corruption across the Corporation by adopting policies such as an anti-bribery and corruption policy, which policy may be disseminated through employee trainings to ensure that such values become embedded in the culture of the Corporation;
 - r. Adopt a code of business conduct and ethics which shall provide standards for professional and ethical behavior, articulate acceptable and unacceptable conduct and practices in internal and external dealings, be properly disseminated to the Board, management and employees of the Corporation, and be made available to the public; and ensure the proper and efficient implementation and monitoring of compliance with such code and internal policies;
 - s. Establish a suitable framework for whistleblowing to allow employees to freely communicate their concerns about illegal or unethical practices without fear of retaliation, and have direct access to a person or group handling such concerns;
 - t. Establish board committees that focus on specific board functions to aid in the optimal performance of their roles and responsibilities, and require each committee to have its own charter which states in plain terms its purpose, membership, structure, operations, reporting processes, and other relevant information, which charter shall be uploaded in the Corporation's website;
 - u. Promote stockholders' rights by allowing, as far as practicable, opportunities to enable stockholders to seek redress in an amicable and effective manner out of court such as through negotiation, mediation, conciliation, arbitration and other alternative dispute resolution mechanisms;
 - v. Conduct an annual self-assessment of the performance of the Chairman, President, members of the Board and Board committees, which assessment may be supported by an external facilitator once every three (3) years; and
 - w. As may be determined by the Board, adopt a board charter that formalizes and clearly states the roles, responsibilities and accountabilities of the Directors in carrying out their fiduciary duties, and serves as a guide in the performance of their functions.

3.3 Board Meetings

Directors shall attend and actively participate in all meetings of the Board, committees, and shareholders in person or through tele- or video conferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes such as illness, death in the immediate family or serious accident prevent them from doing so. In Board and committee meetings, Directors shall review meeting materials and ask the necessary questions or seek clarifications and explanations.

The Corporation shall submit to the Commission, on or before January 30 of each year, a sworn certification on the Directors' record of attendance in Board meetings for the immediately preceding year.

3.4 Duties and Responsibilities of a Director

3.4.1 General Responsibilities of a Director

A Director's office is one of trust and confidence. A Director should act in a manner characterized by transparency, accountability and fairness, and should exercise leadership, prudence and integrity in directing the Corporation towards sustained progress. A Director should act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the Corporation and all shareholders.

3.4.2 Specific Duties and Responsibilities of a Director

A Director should observe the following norms of conduct:

- a. Conduct fair business transactions with the Corporation and ensure that his personal interest does not conflict with the interests of the Corporation; should a Director have a material interest in any transaction affecting the Corporation, he shall abstain from taking part in the deliberations for the same.
- b. Devote time and attention necessary to properly and effectively perform his duties and responsibilities;
- c. Act judiciously;
- d. Exercise independent judgment;
- e. Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulation of the Commission and, where applicable, the requirements of relevant regulatory agencies; and

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- f. Observe confidentiality.

4. Board Committees

To ensure the Corporation's compliance with the principles of good corporate governance, the Board shall constitute the following Committees:

4.1 Nomination and Governance Committee

4.1.1. Composition

The Nomination and Governance Committee shall be composed of at least three (3) members, one of whom shall be an Independent Director.

4.1.2 Duties and Responsibilities

The Nomination and Governance Committee shall have the following duties and responsibilities:

- a. Formulate a transparent board nomination and election policy that may include procedures in accepting nominations from stockholders, including minority stockholders, and reviewing the qualifications of candidates for election;
- b. Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, including ensuring that the Independent Directors possess the necessary qualifications and none of the disqualifications to hold the position;
- c. Ensure, through a managed and effective system consistent with the Corporation's By-Laws, that each Board election shall result in a mix of proficient Directors, each of whom shall be able to add value and bring prudent judgment to the Board;
- d. Assess the effectiveness of the Board's processes and procedures in the nomination, election or replacement of Directors;
- e. Assist the Board in the performance of its corporate governance responsibilities;
- f. Review the recommendations of the Compliance Officer in relation to this Manual as well as other corporate governance rules and regulations and endorse the same to the Board for its approval;
- g. Review, as may be necessary, the charters of all Board committees and recommend any changes to the Board for its approval; and

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- h. Perform such other tasks or duties as may be requested or delegated by the Board, or as may be required by applicable laws and regulations.

In assessing the suitability of the Board's composition, the Nomination and Governance Committee, as well as the Board, shall consider the skills and attributes possessed by the Directors and how these are aligned with the strategic direction of the Corporation. In determining what the Board needs, the following qualities shall be considered, among others: industry expertise, regulatory expertise, international expertise, financial expertise, technology/digital media expertise, risk management expertise, marketing expertise, legal expertise, human resources expertise, operational expertise, gender diversity, and geographic diversity.

4.1.3 Qualifications of a Director

A Director shall have the following qualifications at the time he is duly elected and qualified and throughout his term of office:

- a. Holder of at least one (1) share of stock of the Corporation;
- b. Possesses personal integrity;
- c. Has the ability to appreciate and understand financial statements and other pertinent corporate documents; and
- d. Understands the need to prevent conflict of interest with the Corporation.

4.1.4 Independent Director

The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years in accordance with applicable rules and regulations of the Commission. After such period, the Independent Director shall be perpetually barred from re-election as an Independent Director in the Corporation, but may continue to qualify for nomination and election as a regular Director. Where the Corporation wishes to retain an Independent Director who has served for the maximum period, the Board shall provide meritorious justification/s and seek shareholders' approval in accordance with applicable rules and regulations.

An Independent Director refers to a person who, ideally:

- a. Is not, or has not been a senior officer or employee of the Corporation in the three (3) years immediately preceding his election, unless there has been a change in the controlling ownership of the Corporation;

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- b. Is not, and has not been in the three (3) years immediately preceding his election, a Director of the Corporation; a director, officer, employee of the Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation's substantial shareholders and its related companies;
 - b. Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman Emeritus, Ex-Officio director or officer, member of any advisory board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within (3) three years immediately preceding his election;
 - c. Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;
 - d. Is not a relative of a Director, officer, or substantial shareholder of the Corporation or any of its related companies or any of its substantial shareholders; for this purpose, "relative" refers to the spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
 - e. Is not acting as a nominee or representative of any Director of the Corporation or any of its related companies;
 - f. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to a person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Philippine Stock Exchange, Inc., an associated person or salesman, and an authorized clerk of the broker or dealer;
 - g. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholders, or is otherwise independent of management of and free from any business or other relationship with the Corporation within the three (3) years immediately preceding the date of his election;
 - h. 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 Corporation 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;

- i. Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and
- j. Is not employed as an executive officer of another company where any member of the Corporation's senior management serves as a director.

Related companies, as used in this section, refer to the Corporation's holding/parent company, and subsidiaries of the Corporation and its holding/parent company.

The Board may designate a lead director among the Independent Directors (the "**Lead Independent Director**") if the Chairman of the Board is not an Independent Director or if the positions of the Chairman and Chief Executive Officer are held by one person.

The functions of the Lead Independent Director include, among others, the following:

- a. Serve as an intermediary between the Chairman and the other Directors when necessary;
- b. Convene and chair meetings of the non-executive Directors; and
- c. Contribute to the performance evaluation of the Chairman as may be required.

4.1.5 Disqualifications of a Director

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

- d. Conviction by final judgment or order by a competent judicial or administrative body of any crime that: [i] involves the purchase or sale of securities as defined in the Securities Regulation Code (hereafter the "**SRC**"); [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;
- e. After hearing, being permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: [i] acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; [ii] acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; [iii] engaging in or continuing any conduct or practice in any of the capacities mentioned in [i] and [ii], or willfully violating the laws that govern securities and banking activities;

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the Commission or the Bangko Sentral ng Pilipinas (“hereafter the “BSP”), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person 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 organization.

- f. Conviction by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- g. Being adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the Commission or the BSP, or any of its rules, regulations or orders;
- h. Becoming an officer, employee or consultant of the Corporation where he serves as an Independent Director;
- i. Being judicially declared insolvent;
- j. Being found guilty by final judgment by order of a foreign court or equivalent financial regulatory authority with competent jurisdiction of acts, violations or misconduct similar to any of the acts, violations or misconduct listed (a) to (e) above;
- k. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and
- l. Absence in more than fifty percent (50%) of all Board meetings during his incumbency; this shall be a ground for disqualification in the succeeding election unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.

The Board may consider any of the following as a ground for the temporary disqualification of a Director:

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- a. Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations; the disqualification shall be in effect as long as the refusal persists;
 - b. Absence in more than fifty percent (50%) of all Board meetings during his incumbency; this shall be a ground for disqualification in the succeeding election unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.
 - c. Dismissal or termination for cause from directorship in any corporation covered by the SRC; the disqualification shall be in effect until the Director has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
 - d. If the beneficial equity ownership of an Independent Director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock; the disqualification shall be lifted if the limit is later complied with; or
 - e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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

The Board shall have the final decision to determine the qualification or disqualification of a Director.

4.2 Compensation and Remuneration Committee

4.2.1. Composition

The Compensation and Remuneration Committee (hereafter “**CRC**”) shall be composed of at least three (3) members, one of whom shall be an Independent Director.

4.2.2. Duties and Responsibilities

The CRC shall have powers and functions over the compensation and remuneration of the corporate officers other than the Chairman, whose compensation and remuneration shall be determined by the President and two (2) Directors, one of whom shall be an Independent Director. The CRC shall establish a policy on remuneration of Directors and officers to ensure that their compensation is consistent with the Corporation’s culture, strategy, and the business environment in which it operates, and aligned with the long-term interests of the Corporation. In the formulation of such policy, the

relationship between remuneration and performance shall be considered. A member of the CRC shall not participate in discussions involving his own individual remuneration. The CRC may call on the officers of the Corporation to assist it in performing its functions.

The CRC shall have the following duties and responsibilities:

- a. Designate the amount of remuneration which shall be in a level sufficient to attract and retain directors and officers who are needed to run the Corporation successfully;
- b. Review the Corporation's human resources development or personnel handbook to strengthen provisions on conflict of interest, policies on salaries and benefits, and directives on promotion and career advancement; and
- c. Perform such other tasks or duties as may be requested or delegated by the Board, or as may be required by applicable laws and regulations.

4.3 Audit Committee

4.3.1. Composition

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive Directors with relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Board shall endeavour to have Independent Directors constitute a majority of the members of the committee. The chairman of the Audit Committee shall be an Independent Director and shall not be the Chairman of the Board or, insofar as practicable considering the size and composition of the Board, any other committee.

4.3.2. Duties and Responsibilities

The Audit Committee shall have the following powers and functions:

- a. Assist the Board in the performance of its oversight responsibility over the Corporation's financial reporting, system of internal control, internal and external audit processes, and monitoring of compliance with applicable laws, rules and regulations;
- b. Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation;

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- c. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation;
 - d. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
 - e. Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
 - f. Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
 - g. Review the reports submitted by the internal and external auditors;
 - h. Review the annual financial statements before their submission to the Board, with particular focus on the following matters:
 - 1) Any change/s in accounting policies and practices;
 - 2) Major judgmental areas;
 - 3) Significant adjustments resulting from the audit;
 - 4) Going concern assumptions;
 - 5) Compliance with accounting standards; and
 - 6) Compliance with tax, legal and regulatory requirements.
 - i. Coordinate, monitor, and facilitate compliance with laws, rules and regulations;
 - j. Evaluate and determine the non-audit work, if any, of the external auditor and review periodically the non-audit fees paid to the external auditor, and disallow any non-audit work that will conflict with the duties of an external auditor or may pose a threat to its independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;
 - k. Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. The internal auditor shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties;

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- l. Check all financial reports of the Corporation against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
 - m. Perform interface functions with the internal and external auditors;
 - n. Ensure the establishment of a transparent financial management control system that aims to ensure the integrity of the system; and
 - o. Perform such other tasks or duties as may be requested or delegated by the Board, or as may be required by applicable laws and regulations.

The Audit Committee may request information, data and clarification from the officers of the Corporation in the performance of its duties and responsibilities.

4.4 Risk Management Committee

4.4.1 Composition

The Risk Management Committee shall be composed of at least three (3) members, majority of whom shall be non-executive Directors, including the chairman of the committee.

As far as practicable considering the size and composition of the Board, the chairman of the Risk Management Committee shall not be the Chairman of the Board or any other committee. At least one (1) member of the committee shall have relevant knowledge and experience on risk and risk management

4.4.2 Duties and Responsibilities

The Risk Management Committee shall have the following powers and functions:

- a. Oversee the formulation, establishment and implementation of a sound enterprise risk management (hereafter “ERM”) framework which will effectively identify, monitor, assess and manage key business risks;
- b. Review and assess the Corporation’s ERM policy, processes, strategies, methods and activities and recommend revisions thereto for approval by the Board;
- c. Understand and set clear directions for the management of the Corporation’s strategic and critical risks;

- d. Provide management the support and resources necessary to manage the risks to the Corporation; and
- e. Perform such other tasks or duties as may be requested or delegated by the Board, or as may be required by applicable laws and regulations.

5. Accountability and Audit

The Board is primarily accountable to the Corporation, and as may be applicable, to the stockholders. It should provide a balanced and comprehensive assessment of the Corporation's performance, position and prospects. It is essential that management provide the members of the Board adequate information that will enable the Board to comply with its responsibilities to the stockholders.

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

- a. The extent of its responsibility in the preparation of the financial statements of the Corporation should be clearly explained, with the corresponding delineation of the responsibilities that pertain to the external auditor;
- b. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders should be maintained;
- c. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations; and
- d. The Corporation should consistently comply with the financial reporting requirements of the Commission.

6. Corporate Officers

- 6.1 The Board shall appoint corporate officers such as the Chairman, Chief Executive Officer, President, Chief Operating Officer, one or more Vice Presidents, Corporate Secretary, Assistant Corporate Secretary, Treasurer, and such other officers as shall from time to time be determined by the Board. The officers shall perform their duties

as enjoined by the By-Laws and the Board. To ensure checks and balances as well as increased accountability and independent decision-making, the corporate officers shall perform their duties in accordance with best practices. The Corporation shall fully disclose all relevant and material information on its key executives to evaluate their experience and qualifications, and assess any potential conflict of interest that might affect their judgment.

6.2 The Chairman of the Board

The Board shall be headed by a competent and qualified Chairman. The Chairman, or in his absence, the President, shall preside at all meetings of the stockholders and the Board. Among other duties, the Chairman shall:

- a. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;
- b. In coordination with the Corporate Secretary, and taking into consideration the suggestions of the President, management, and other Directors, supervise the preparation of the agenda of the meetings;
- c. Assist in ensuring compliance with the Manual;
- d. Maintain open lines of communication and information between the Board and management; and
- e. Exercise such powers as may be conferred on him by the Board.

The roles of the Chairman and Chief Executive Officer may be separate. In the event that the positions of Chairman and Chief Executive Officer are held by one person, the Board may designate a Lead Independent Director. The Corporation shall disclose the relationship between the Chairman and the Chief Executive Officer, if any, in its annual report to the Commission or such other regulatory agency as may be required by law.

6.3 The Chief Executive Officer

The Chief Executive Officer shall be in charge of the general management and administration of the Corporation. He shall provide information on the performance of the Corporation. If one (1) person occupies the positions of Chairman and Chief Executive Officer, the Corporation will take steps to ensure that proper checks and balances are laid down to ensure that the Board gets the benefit of independent views and perspectives, including the designation of a Lead Independent Director.

6.4 The Corporate Secretary/Assistant Corporate Secretary

The Corporate Secretary and Assistant Corporate Secretary shall be Filipino citizens and residents of the Philippines. The Corporate Secretary shall assist the Board in the preparation of the agenda of meetings, and management in the preparation and gathering of materials to be presented to the Board or the shareholders. The Corporate Secretary or Assistant Corporate Secretary shall attend and take down the minutes of special and regular meetings of the Board and shareholders.

The Corporate Secretary shall, as far as practicable, be a separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board and shall annually attend a training on corporate governance.

The Corporate Secretary shall:

- a. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board;
- b. Be loyal to the mission, vision and objectives of the Corporation;
- c. Work fairly and objectively with the Board, management and stockholders and other stakeholders;
- d. Have appropriate administrative and interpersonal skills;
- e. If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- f. Have a working knowledge of the operations of the Corporation;
- g. Inform the members of the Board, in accordance with the By-Laws, of the agenda of their meetings and ensure that the Directors have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- h. Issue a certification on or before January 30 of each year on the Directors' record of attendance in Board meetings for the immediately preceding year, which certification shall be countersigned by the Chairman;
- i. Attend all Board meetings, except when justifiable causes such as illness, death in the immediate family, and serious accident, prevent him from doing so; and

- j. Ensure that all Board procedures, rules and regulations are strictly followed by the Directors.

7. External Auditor

The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, and removal of the external auditor. The appointment, reappointment, and removal of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change shall be disclosed through the Corporation's website and required disclosures.

The external auditor shall help provide an environment of good corporate governance that may be reflected in the financial records and reports of the Corporation.

The external auditor, or the external auditor's handling partner, should be rotated or changed every five (5) years or earlier.

The external auditor shall undertake an independent audit of the Corporation and provide an objective assurance on the manner by which the financial statements will be prepared and presented to the stockholders. The external auditor shall not at the same time provide internal audit services to the Corporation. Non-audit work may be given to the external auditor provided it does not conflict with its duties as an independent auditor, or does not pose a threat to its independence. The Audit Committee shall monitor the procedures used by the external auditor in the performance of such non-audit work to ensure that no conflict of interest shall exist. The Corporation shall disclose the nature of non-audit services performed by its external auditor in its annual report.

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

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

8. Internal Audit

The Corporation shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Corporation's operations. The Corporation's independent internal audit system shall be performed or supervised by an internal auditor or an internal group, either from within the Corporation or through its parent company, through which the Board, senior management, and shareholders will be provided reasonable assurance that key organizational and procedural controls are effective, appropriate, and complied with.

The internal auditor shall report to the Audit Committee.

The internal auditor should submit to the Audit Committee and management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and management. The internal auditor shall certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and management the reasons why he has not fully complied with the said standards.

The Audit Committee, guided by best practices, shall regularly review organizational and procedural controls. The minimum internal control mechanisms for management's operational responsibility shall center on the Chief Executive Officer, he being ultimately accountable for the Corporation's organizational and procedural controls.

The scope and particulars of a system of effective organizational and procedural controls shall be based on 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 Corporation's internal auditor or internal audit group shall have a charter which shall contain its purpose, authority, and duties, among others. The charter shall be approved by the Audit Committee.

The Corporation's internal auditor or internal audit group shall be headed by a Head of Internal Audit who shall be appointed by the Board. The Head of Internal Audit shall oversee and be responsible for the internal audit activities of the Corporation, including any portion that is outsourced to a third party service provider.

9. Risk Management

The Corporation shall have in place a risk management framework to identify, assess, monitor and manage key business risks, and guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The Corporation shall have an effective enterprise risk management framework to help sustain safe and sound operations in its business.

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

- a. Defining a risk management strategy;
- b. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance factors and the achievement of the organization's strategic objectives;
- c. Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters;
- d. Establishing a risk register with clearly defined, prioritized and residual risks;
- e. Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy;
- f. Communicating and reporting 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 Committee; and
- g. Monitoring and evaluating the effectiveness of the organization's risk management processes.

In managing the Corporation's risk management system, the Corporation shall have a Chief Risk Officer who shall be the ultimate champion of ERM and who has adequate authority, stature, resources and support to fulfill his responsibilities.

10. Communication Process

This Manual shall be available for inspection by any stockholder or employee of the Corporation at reasonable hours on business days.

Individual members of the Board may, from time to time, at the request of management, meet or communicate with various persons or entities involved with the Corporation.

Should there be a need for the Board to issue statements or comments on behalf of the Corporation, the Chairman or the Director designated as spokesman for the Corporation shall be responsible for issuing such statements or comments.

A copy of this Manual shall be provided to each department of the Corporation.

11. Training / Orientation Process

The Board shall adhere to a policy on the training of Directors and require a newly-elected Director to attend an orientation program as well as a seminar on corporate governance conducted by any duly-recognized private or government institution. Newly-elected Directors should familiarize themselves with the Corporation's operations, senior management, and business environment. They should be inducted in terms of their fiduciary duties and responsibilities as well as in respect of the Board's expectations. Appropriate training opportunities for both existing and potential Directors shall from time to time be identified and undertaken.

12. Reportorial or Disclosure System of Corporate Governance Policies

The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible committee or corporate officer, as the case may be.

The Board shall commit at all times to fully disclose material information dealings of the Corporation as required by applicable laws.

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

The Corporation's policies relating to its corporate governance initiatives shall be posted in its website.

13. Shareholders' Benefit – Investors' Rights and Protection

The Board recognizes and shall respect the rights of the stockholders under the law, the Articles of Incorporation and By-Laws, specifically the stockholders' rights to vote on all matters that require their consent or approval, right to inspect corporate books and records; right to information; right to dividends, and appraisal rights. The Board shall

ensure that basic shareholder rights are contained in relevant policies and disclosed in its website. For this purpose, the Board may formulate procedures for the exercise of rights of stockholders. The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation.

It is the duty of the Board to promote the rights of stockholders, remove impediments to the exercise of those rights, and provide an adequate avenue for them to seek timely redress for breach of their rights. To this end, the Board may adopt a transparent framework and process that allow stakeholders and shareholders to communicate with the Corporation and obtain redress for violation of their rights.

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

The Board shall encourage active shareholder participation and endeavour to send the notices of annual or special shareholders' meetings with sufficient and relevant information at least twenty-eight (28) days before the meeting. In line with this, the Board shall endeavor to make the results of the votes taken during a shareholders' meeting publicly available the next working day, as well as make the minutes of such meeting available on the Corporation's website within five (5) business days from the end of the meeting.

Although all stockholders should be treated equally and without discrimination, the Board may consider granting minority stockholders the right to propose the holding of meetings as may be proper under the circumstances, and the items for discussion in the agenda that relate directly to the business of the Corporation.

The Board shall appoint an Investor Relations Officer to ensure constant engagement with the Corporation's stockholders and shareholders and provide them an effective communication channel for questions, suggestions and complaints. The Investor Relations Officer shall be present at every shareholders' meeting.

14. Disclosure and Transparency

The essence of corporate governance is transparency. The more transparent the internal workings of the Corporation are, the more difficult it will be for management and the dominant stockholders to mismanage the Corporation or misappropriate its assets.

It is essential that all material information about the Corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders as a whole be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, related party transactions, and remuneration of members of the Board and management. All such information shall be disclosed through the appropriate exchange mechanisms and submissions to the Commission.

The Corporation shall make a full, fair, accurate and timely disclosure to the public of material facts or events that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the interests of its shareholders and other stakeholders.

The Corporation shall abide by a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance issues of its business which underpin sustainability, and may adopt a globally-recognized standard/framework in reporting sustainability and non-financial issues.

It shall cause the filing of all required information through the appropriate mechanisms of the Philippine Stock Exchange, Inc. and the Commission for the interests of its stockholders and other stakeholders. Disclosures shall be posted in the Corporation's website within the period prescribed by applicable rules and regulations. Media and analysts' briefings, press information and relevant information may be included as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to the Corporation's shareholders and other investors.

15. Monitoring and Assessment

The committees shall report to the Board in such manner as the Board may require.

This Manual shall be subject to an annual review or at such frequency as may be determined by the Board.

16. Sanctions for Non-Compliance with the Manual

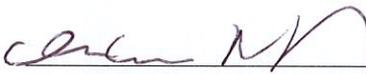
To strictly observe and implement the provisions of this Manual, the Board may impose appropriate sanctions or corrective actions, after notice and hearing. Sanctions may include censure, suspension and removal from office depending on the gravity of the offense and frequency of the violation.

Violation of any provision of this Manual by any member of the Board shall be a sufficient cause for removal from directorship.

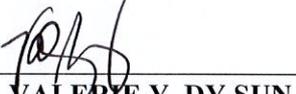
17. Effectivity

The Corporation shall submit this revised Manual to the Commission for its evaluation. This Manual is adopted pursuant to SEC Memorandum Circular No. 9 (Series of 2016).

May 9, 2017.



FEDERICO R. LOPEZ
Chairman



VALERIE Y. DY SUN
Compliance Officer