San Miguel Corporation
MANUAL ON CORPORATE GOVERNANCE
(As amended)

The Board of Directors, Management, Officers and employees of San Miguel Corporation (the "Corporation") hereby commit themselves to the principles and best practices contained in this Manual on Corporate Governance ("Manual") and acknowledge that the same shall guide the attainment of their corporate goals.

1 OBJECTIVE

This Manual shall institutionalize the principles, policies, programs and procedures of good corporate governance in the entire organization.

The Board of Directors, Management, Officers, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization as soon as possible.

2 COMPLIANCE SYSTEM

2.1. Compliance Officer

2.1.1. To ensure adherence to corporate principles and best practices, the Board of Directors shall appoint a Compliance Officer who shall hold the position of a Vice President or its equivalent. He is primarily liable to the Corporation and its shareholders.

2.1.2. He shall perform the following duties:

- Ensure proper onboarding of new directors (i.e., orientation on the Corporation's business, charter, articles of incorporation and by-laws, among others);
- Monitor, review, evaluate and ensure compliance by the Corporation, its Officers and Directors with the provisions and requirements of the relevant laws, the Code of Corporate Governance issued by the Securities and Exchange Commission ("SEC"), this Manual and the rules and regulations and all governance issuances of the regulatory agencies;
- Appear before the SEC upon summons on relevant matters that need to be clarified by the same;

- Determine violation/s of the Manual, report the matter to the Board if violations are found, and recommend penalty for violation thereof for further review and approval of the Board;

- Ensure the integrity and accuracy of all documentary submissions to regulators;

- Collaborate with other departments to properly address compliance issues, which may be subject to investigation;

- Attest on the extent of the Corporation's compliance with this Manual and the SEC Code of Corporate Governance explaining the reason/s of the latter's deviation from the same, in each case, where necessary or required by applicable laws, rules and regulations;

- Identify, monitor and control compliance risks and possible areas of compliance issues and work towards the resolution of the same;

- Ensure the attendance of Board members and key Officers to relevant trainings; and

- Perform such other duties and responsibilities as may be provided by the SEC.

2.1.3. The appointment of the Compliance Officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to the Compliance Officer.

2.2. Plan of Compliance

2.2.1. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors. The Corporation shall be headed by a competent, working Board to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

The members of the Board of Directors shall not be less than five (5) but not more than fifteen (15) and shall be elected in accordance with the Corporation's by-laws and applicable laws. 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 always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

The membership of the Board of Directors may be a combination of executive and non-executive directors (which shall include Independent Directors). The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

2.2.1.1. General Responsibility

It shall be the Board's 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 interest of the Corporation, its shareholders and other stakeholders. The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Corporation's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all Directors as well as to shareholders and other stakeholders. The Board members 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 shareholders and other stakeholders.

The Board should oversee the development of and approve the Corporation's business objectives and strategy, and monitor their implementation, in order to sustain the Corporation's long-term viability and strength. The Board is responsible for formulating the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

To show full commitment to the Corporation, a director should devote the time and attention necessary to properly and effectively perform his duties and responsibilities, including sufficient time to be familiar with the corporation's business.

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness, and in the best interest of the Corporation. He should exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

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

2.2.1.2. Specific Duties and Functions

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall:

- Implement a process of selection aligned with the strategic direction of the Corporation to ensure a mix of competent Directors and Officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;

- Appoint competent, professional, honest and highly-motivated Management Officers and adopt an effective succession planning program for Management and key Officers to ensure growth and a continued increase in the shareholders' value, including a policy on the retirement age for Directors and key Officers, and to promote dynamism in the Corporation;

- Provide sound strategic policies and guidelines on major capital expenditures and other programs to sustain the Corporation's long-term viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies;

- Ensure that the Corporation complies with all relevant laws, regulations and best business practices;

- Align the remuneration of key Officers and Board members with the long-term interests of the Corporation and, in doing so, formulate and adopt a policy specifying the relationship between remuneration and performance.

- Identify the stakeholders of the Corporation in the community in which it operates or are directly affected by its operations, and formulate corporate disclosure policies and procedures to ensure comprehensive, accurate, reliable, timely and effective communication to the Corporation's shareholders and other stakeholders, as well as agencies regulating the Corporation, in a manner that gives a fair and complete picture of the Corporation's financial condition, results and business operations;

- Establish and maintain an effective investor relations program that will keep the Corporation's shareholders and stakeholders informed of important developments in the Corporation. If feasible, the Corporation's Chief Finance Officer shall exercise oversight responsibility over this program;

- Adopt a system of internal checks and balances, and to review regularly the effectiveness thereof;
- Adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the Corporation's website;

- Ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies;

- Identify key risk areas and key performance indicators and monitor these factors with due diligence;

- Properly discharge Board functions by meeting regularly or at such times and frequency as may be needed. Independent views during Board meetings shall be given due consideration. All such meetings shall be duly minuted;

- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions ("RPTs") between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major shareholders, Officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board, and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. Such policies shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions, and encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations;

- Keep Board authority within the powers of the institution as prescribed in the articles of incorporation, by-laws and in existing laws, rules and regulation;

- Encourage use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Corporation and its shareholders or third parties, including regulatory agencies;

- Constitute an Audit and Risk Oversight Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities; and

- Appoint a Compliance Officer as provided in section 2.1 of this Manual. In the absence of an appointment by the Board, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

2.2.1.3. Internal Controls and Enterprise Risk Management

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Corporation shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.

2.2.1.3.1. Internal Control System

The Board shall have the following oversight responsibilities for ensuring the presence of appropriate, adequate, strong and effective internal control mechanisms:

- Establish organizational and operational controls commensurate with, among others, the nature and complexity of the business of the Corporation and its culture, volume, size and complexity of transactions; degree of risks involved, degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance;

- Ensure that an independent audit mechanism is in place to monitor the adequacy and effectiveness of the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts;

- Select and appoint a Chief Executive Officer who possesses the ability, integrity and expertise essential for the position, and define, with the assistance of the Corporate Governance Committee, the duties and responsibilities of the Chief Executive Officer who is ultimately responsible for the Corporation's organizational and operational controls;

- Evaluate proposed senior Management appointments;

- Select and appoint qualified and competent Management Officers; and

- Review the Corporation's human resources policies, conflict of interest situations, compensation program for employees, and Management succession plan.

- Establish a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders;

- Approve the Internal Audit Charter; and

- Establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

2.2.1.3.2. Enterprise Risk Management

The Board shall oversee that a sound enterprise risk management ("ERM") framework is in place to effectively identify, monitor, assess and manage key business risks, which will 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 consider establishing a separate ERM function to identify, assess and monitor key risk exposures, corresponding to its size, risk profile and complexity of operations.

2.2.1.3.2.1. The ERM function involves the following activities, among others:

- Defining a risk management strategy;

- Identifying and analyzing key risks exposure relating to economic, environmental, social and governance factors and the achievement of the organization's strategic objectives;

- Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters;

- Establishing a risk register with clearly defined, prioritized and residual risks;

- Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy;

- 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 Board Risk Oversight Committee; and

- Monitoring and evaluating the effectiveness of the organization's risk management processes.

2.2.1.3.2.2. In managing the Corporation's ERM system, the Corporation shall consider having a Chief Risk Officer (CRO), who will be the ultimate champion of ERM and have adequate authority, stature, resources and support to fulfill his responsibilities. The CRO shall have the following functions, among others:

- Supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;

- Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;

- Collaborate with the President in updating and making recommendations to the Board Risk Oversight Committee;

- Suggests ERM policies and related guidance, as may be needed; and

- Provide insights on the following: (a) risk management processes are performing as intended; (b) risk measures reported are continuously reviewed by risk owners for effectiveness; and (c) established risk policies and procedures are being complied with.

2.2.1.4. Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- To conduct fair business transactions with the Corporation and to ensure that personal interest does not conflict with the interests of the Corporation. A Director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same;

- To devote time and attention necessary to properly and effectively discharge his duties and responsibilities, including sufficient time to be familiar with the Corporation's business;

- To act judiciously;

- To exercise objective and independent judgment on all corporate affairs;

- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its articles of incorporation and by-laws, the rules and regulations of the SEC, and where applicable, the requirements of other regulatory agencies, and keep abreast of industry developments and business trends;

- To observe confidentiality of all non-public information which he may acquire or learn by reason of his position as a director;

- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment; and

- To attend a seminar or training program on corporate governance, at least once a year, which shall be conducted by a duly accredited training provider of the SEC.

2.2.1.5. Qualification and Disqualification of Directors

The Board of Directors shall be composed of members from diverse backgrounds to ensure that optimal decision-making is achieved. In addition to the qualifications for membership in the Board provided for in the Corporation Code, the Securities Regulation Code and other relevant laws, the members of the Board of Directors shall have the following qualifications:

Qualifications

- He shall hold at least five thousand (5,000) shares of stock of the Corporation;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least twenty one (21) years old;
- He shall have proven to possess integrity and probity; and
- He shall be assiduous.

Disqualifications

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

- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) 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 (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, *Bangko Sentral ng Pilipinas* ("BSP"), or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in both (a) and (b) of this paragraph, or willfully violating the laws that govern securities and banking activities.

  The disqualification shall also apply if (a) such person is currently the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP;(b) such person has otherwise been restrained from engaging in any activity involving securities and banking; or (c) 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;

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

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

- Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;

- Any person judicially declared to be insolvent;

- 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

- Other grounds as the SEC may provide.

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

- Refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;

- Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;

- Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;

- 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;

- If any of the judgments or orders cited in the grounds for the permanent disqualification of directors has not yet become final; and

- If any person earlier elected as Independent Director of the Corporation becomes an Officer, employee or consultant of the Corporation.

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, except in the case of temporary disqualification where the Independent Director becomes an Officer, employee or consultant of the Corporation, in which case such disqualified Independent Director shall become eligible for election as Independent Director after the lapse of two (2) years from the termination of his officership, employment or consultancy with the Corporation.

2.2.1.6. Independent Directors

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

An Independent Director is a person who, apart from his fees and shareholdings, has no business or relationship with the Corporation, which could, or could reasonably be perceived to, materially interfere with the exercise of his independent judgment in carrying out his responsibilities as a director. The Board should ensure that its Independent Directors possess all the qualifications and none of the disqualifications of an Independent Director to hold the position at the time of his election and/or re-election as an Independent Director. Each nominee for Independent Director shall submit a certification to this effect, in such form and substance as may be required by the SEC, before his election.

The Corporation shall have at least three (3) Independent Directors or such number as to constitute at least one-third of the members of the Board, whichever is higher.

2.2.1.6.1. Qualifications of an Independent Director

- Is not, or has not been a senior Officer or employee of the Corporation unless there has been a change in the controlling ownership of the Corporation;

- Is not, and has not been in the three (3) years immediately preceding the 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;

- Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;

- Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;

- Is not a relative of a director, Officer, or substantial shareholder of the Corporation or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

- Is not acting as a nominee or representative of any director of the Corporation or any of its related companies;

- Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any 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 Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

- 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 shareholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) 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 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;

- 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

- Is not employed as an executive officer of another company where any of the Corporation's executives serve as directors.

Related companies, as used in this section, refer to (a) the Corporation's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

2.2.1.6.2. The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years. Upon reaching this limit, an Independent Director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Corporation needs to retain an Independent Director who has served for nine (9) years, the Board shall provide meritorious justifications and seek shareholders' approval during the annual shareholders' meeting.

2.2.1.7. Board Meetings and Quorum Requirements

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

Independent Directors should always attend Board meetings. Absence of Independent Directors in Board meetings shall not affect the quorum requirement, unless otherwise provided in the by-laws of the Corporation and applicable laws, rules and regulations. However, the Board may, to promote transparency, require the presence of at least one (1) Independent Director in all its meetings.

The non-executive directors shall have separate periodic meetings with the External Auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Corporation. The meetings should be chaired by the Lead Independent Director.

A sworn certification on the directors' attendance in Board meetings shall be submitted by the Corporation to the SEC on or before January 30 of the following year.

2.2.1.8. Adequate and Timely Information

Management shall provide the Board with complete, adequate and timely information about the matters to be taken up during their meetings.

Upon reasonable request, the Directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Corporation, which expense must be reasonable.

The members of the Board shall be given independent access to Management and the Corporate Secretary.

2.2.1.9. Policy on Multiple Board Seats

A director shall exercise due discretion in accepting and holding directorships other than in the Corporation, provided that, in holding such other directorships, such director shall ensure that his capacity to diligently and efficiently perform his duties and responsibilities as a director of the Corporation is not compromised.

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

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

2.2.2. Board Committees

The Board shall establish committees that focus on specific Board functions, particularly with respect to audit, risk management, RPTs, and other key corporate governance concerns, such as nomination and remuneration, to aid in the optimal performance of its roles and responsibilities. Each Committee shall report regularly to the Board of Directors.

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

2.2.2.1. Corporate Governance Committee

2.2.2.1.1 The Board shall establish a Corporate Governance Committee that will be tasked to assist the Board in the performance of its corporate governance responsibilities. It may have at least three (3) Independent Directors as members. The Chairman of the Committee shall be an Independent Director.

2.2.2.1.2. Duties and responsibilities:

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

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

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

- Recommend continuing education/training programs for Directors, assignment of tasks/projects to Board Committees, succession plan for the Board members and senior officers, and remuneration packages for corporate and individual performance;

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

- Propose and plan relevant trainings for the members of the Board;

- Determine the nomination and election process for the Corporation's Directors and define the general profile of Board members that the Corporation may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board;

- Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications as provided in this Manual; and

- Establish a formal and transparent procedure to develop a policy for determining the remuneration of Directors and Officers, and provide

oversight over remuneration of senior Management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy and business environment;

- Designate amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Officers who are needed to run the Corporation successfully;

- Develop a form on Full Business Interest Disclosure 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 in their performance of duties once hired;

- Disallow any director to decide his or her own remuneration;

- Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its Directors and senior executive Officers for the previous fiscal year and the ensuing year;

- Review the existing Human Resources Development or Personnel Handbook (if any) to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts; and

- In the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

2.2.2.1.3. In consultation with the appropriate executive or Management committee/s and with the supervision of the Board of Directors, the Corporate Governance Committee shall re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

2.2.2.1.4. The Corporate Governance Committee shall consider the following guidelines in the determination of the number of directorships which a member of the Board may hold in accordance with the policy on holding multiple board seats under this Manual:

- The nature of the business of the corporations which he is a director;
- Age of the director;
- Number of directorships/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.

2.2.2.1.5. In accordance with the guidelines set by the Corporate Governance Committee on the number of directorships which a member of the Board may hold pursuant to the policy on multiple board seats under this Manual, the Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

2.2.2.2. Audit and Risk Oversight Committee

2.2.2.2.1. The Board shall establish an Audit and Risk Oversight Committee to enhance its oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations, as well as oversight over the Corporation's ERM system to ensure its functionality and effectiveness.

The Committee may be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom should be Independent Directors. The Chairman shall be an Independent Director and should not be the Chairman of the Board or of any other Committee. The members of the Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance and at least one member of the Committee must have relevant thorough knowledge and experience on risk and risk management.

2.2.2.2.2. Duties and Responsibilities

The Audit and Risk Oversight Committee is responsible for overseeing the senior Management in establishing and maintaining an adequate, effective and efficient internal control framework and functional and effective ERM system. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. The Audit and Risk Oversight Committee has the following duties and responsibilities, among others:

- Recommend the approval of the Internal Audit Charter, which formally defines the role of Internal Audit and the audit plan as well as oversee the implementation of the Internal Audit Charter;

- Enhance the oversight capability of the Board over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations;

- Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and audit resources/expenses, and ensure proper coordination if more than one (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

- Have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the External Auditor duly accredited by the SEC, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders. The appointment, reappointment, and removal of the External Auditor shall be recommended by the Audit and Risk Oversight Committee and approved by Board and ratified by the shareholders.

- Be responsible for assessing the integrity and independence of the External Auditor and exercising effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements, as well as be responsible for reviewing and monitoring the External Auditor's suitability and effectiveness on an annual basis;

- Perform oversight functions with respect to the internal and External Auditors of the Corporation, ensuring the independence of one from the other, freedom from interference from outside parties, and their unrestricted access to such records, properties and personnel of the Corporation necessary to enable them to perform their respective audit functions, and review the reports submitted by them;

- Evaluate and determine any non-audit work performed by the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The Audit and Risk Oversight Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report. The Audit and Risk Oversight Committee shall be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the External Auditor's objectivity and independence.;

- Establish and identify the reporting line of the Internal Audit Group Head to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit and Risk Oversight Committee;

- Through the Internal Audit Group, monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be established in order to (a) safeguard the Corporation's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations;

- Oversee the Internal Audit Group, and recommend the appointment and/or grounds for approval of an Internal Audit Group Head or Chief Audit Executive. The Audit and Risk Oversight Committee shall also approve the terms and conditions for outsourcing internal audit services;

- Review and monitor the Management's responsiveness to the Internal Auditor's findings and recommendations;

- Review and approve all interim and annual financial statements before submission to the Board, with particular focus on the following:

  - any changes in accounting policies and practices;
  - areas where a significant amount of judgment has been exercised;
  - significant adjustments resulting from audit;
  - going concern assumptions;
  - compliance with accounting standards; and
  - compliance with tax, legal and regulatory requirements;

- Review the disposition of the recommendations in the External Auditor's management letter;

- Coordinate, monitor and facilitate compliance with laws, rules and regulations;

- Ensure that the accounting and auditing processes, practices and methods of the Corporation comply with Philippine and internationally-accepted standards;

- Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a step-by-step procedures and policies handbook that will be used by the entire organization;

- Supervise Management in Management's formulation of rules and procedures on financial reporting and internal controls in accordance with the following and such other guidelines as may be determined by the Board:

  - The extent of Management's responsibility in the preparation of financial statements of the Corporation and the delineation of the responsibilities pertaining to the External Auditor must be clearly set out.
  - The system of internal control should be effective in ensuring the integrity of financial reports and maintaining protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders.
  - The scope of the internal audit examinations based on approved audit plans should include, at the minimum, evaluation of adequacy and effectiveness of controls on governance, operations, information systems, protection

of assets and compliance with contracts, laws, rules and regulations.

- There should be consistent compliance with SEC's financial reporting requirements.

- Develop a formal ERM plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

- Oversee the implementation of the ERM plan, conduct regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports, and assess how the concerned units or offices are addressing and managing these risks;

- Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness, revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;

- Advise the Board on its risk appetite levels and risk tolerance limits;

- Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;

- Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders;

- Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and

- Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.

The Audit and Risk Oversight Committee shall meet with the Board at least every quarter without the presence of the Chief Executive Officer or other Management team members, and periodically meet with the Internal Audit Group Head.

2.2.2.3 Related Party Transactions Committee

2.2.2.3.1 The Board shall establish a Related Party Transactions Committee ("RPT Committee"), which will be tasked with reviewing all material RPTs of the Corporation and may be composed of at least three (3) non-executive directors, two (2) of whom should be Independent Directors. The Chairman shall be an Independent Director.

2.2.2.3.2 Duties and Responsibilities

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

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

    - The related party's relationship to the Corporation and interest in the transaction;
    - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
    - The benefits to the Corporation of the proposed RPT;
    - The availability of other sources of comparable products or services; and

- An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;

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

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

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

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

2.2.2.4. Sustainability Committee

2.2.2.4.1 The Board shall establish a Sustainability Committee ("Sustainability Committee") to assist the Board in determining sustainable development policies, directions, and strategies and in fulfilling its oversight responsibilities in relation to the Corporation's objectives, policies, and strategies pertaining to sustainability, and may be composed of at least three (3) members of the Board, at least two (2) of whom shall be Independent Directors.

2.2.2.4.2 Duties and Responsibilities

- Review the effectiveness of the Corporation's policies, strategies, and initiatives in progressing towards the achievement of the Group's sustainability targets.
- Provide oversight and input to Management to ensure that the Group's targets, policies, and strategies pertaining to sustainability are aligned with, promote, and advance the Corporation's vision and purpose.

- Advise on the Corporation's Sustainability Report prior to reporting to the Board, including:
  (a) Assessment of issues material to the Group's stakeholders and the initiatives undertaken to address said material issues;
  (b) Compliance with the Group's sustainability policies, as set out in the Group Policies and Authorities; and
  (c) Changes in sustainability policies, strategies and initiatives, and their implementation.
- Review issues relating to sustainability arising from independent audits and assurance reports, ratings agencies and any matters highlighted by the external parties.
- Consider and recommend to the Board positioning on relevant emerging sustainability issues.
- Provide the Board with assurance of the quality and technical content of the sustainability information used by the Board, and of the sustainability information issued publicly by the Group.
- Oversee the stakeholder dialogue process and its outcomes that address social and environmental matters involving the Group – in particular, matters that may affect the Group's reputation. This shall include key concerns/allegations that are raised by stakeholders, evolving public sentiments, and government regulations.

2.2.3. The Chair, the Chief Executive Officer and the Lead Independent Director

The Board should be headed by a competent and qualified Chair. The roles of the Chair and the Chief Executive Officer are unified in the case of the Corporation. The proper checks and balances are laid down to ensure that the Board of Directors obtains the benefit of independent views and perspectives.

In addition to his responsibilities as Chair under the by-laws of the Corporation, the Chair has the following roles and responsibilities:

- Ensure that the meetings of the Board are held in accordance with the by-laws of the Corporation or as the Chair may deem necessary;

- Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of Management and the directors, and make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

- Guarantee that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;

- Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;

- Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

- Assure the availability of proper orientation for first-time Directors and continuing training opportunities for all Directors;

- Make sure that performance of the Board is evaluated at least one a year and discussed/followed up on; and

- Maintain qualitative and timely lines of communication and information between the Board and Management.

As Chief Executive Officer, he is responsible for the general supervision, administration and management of the business of the Corporation. He shall likewise have the power and duty to establish general administrative and operating policies, and initiate and develop programs for management training and development, as well as executive compensation plans. In addition, he has the following roles and responsibilities, among others:

- Determine the Corporation's strategic direction and formulate and implement its strategic plan on the direction of the business;

- Communicate and implement the Corporation's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;

- Oversee the operations of the Corporation and manage human and financial resources in accordance with the strategic plan;

- Have a good working knowledge of the Corporation's industry and market and keep up-to-date with its core business purpose;

- Direct, evaluate and guide the work of the key Officers of the Corporation;

- Manage the Corporation's resources prudently and ensure a proper balance of the same;

- Provide the Board with timely information and interface between the Board and the employees;

- Build the corporate culture and motivate the employees of the Corporation; and

- Serve as the link between internal operations and external stakeholders.

The Chair and Chief Executive Officer shall exercise such other powers and perform such other duties and functions as the Board of Directors may, from time to time, assign.

To ensure that the Independent Directors shall be free to express and advocate independent views and perspectives, and that abuse of power and authority and potential conflict of interest are avoided, the Board of Directors shall additionally designate a Lead Independent Director from the Independent Directors, which Lead Independent Director shall have sufficient authority to lead the Board in cases where Management has clear conflicts of interest.
The Lead Independent Director shall have, among others, the following functions:

- Serve as an intermediary between the Chair and the other directors when necessary;
- Convene and chair meetings of the non-executive directors; and
- Contribute to the performance evaluation of the Chair, as required.

The Lead Independent Director shall perform such other responsibilities as the Board of Directors may assign to him.

2.2.4. The Corporate Secretary

2.2.4.1. The Corporate Secretary is an Officer of the Corporation and is primarily responsible to the Corporation and its shareholders. Perfection in performance and no surprises are expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the Corporation come with his duties.

2.2.4.2. The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines.

2.2.4.3. Considering his varied functions and duties, he must possess appropriate administrative and interpersonal skills, and if he is not at the same time the general counsel or chief legal officer, then he must have the legal skills of a general counsel or chief legal officer. He must also have some financial and accounting skills.

2.2.4.4. Duties and Responsibilities

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;

- As to agenda, inform the members of the Board thereof in accordance with the Corporation's by-laws and ensure that the Board has the necessary information to enable it to arrive at intelligent decisions on matters requiring approval;

- Assist the Board in making business judgment in good faith and in the performance of its responsibilities and obligations;

- Advise on the establishment of Board Committees and their terms of reference;

- Assist the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of the Board and Board Committee meetings and the annual Board calendar, and assisting the chairs of the Board and the Board Committees to set agendas for those meetings;

- Attend all Board meetings (except when justifiable reasons prevent him from doing so);

- Maintain, safe keep and preserve the integrity of the records of the Corporation, including the minutes of the Board and Board Committee meetings;

- Work fairly and objectively with the Board, Management and shareholders and other stakeholders, and contribute to the flow of information between the Board and Management, the Board and the Board Committees, and the Board and its stakeholders, including shareholders;

- Ensure that Board procedures, rules and regulations are strictly followed by the members;

- Submit such reports, advise or certifications as to the attendance of the directors in Board meetings as may be required by applicable laws, rules and regulations; and

- Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advise the Board and the Chair on all relevant issues as they arise;

- Perform required administrative functions;

- Oversee the drafting of the by-laws and ensure that they conform with regulatory requirements; and

- Perform such other duties and responsibilities as may be provided by the SEC and, if he is also the Compliance Officer, perform all the duties and responsibilities of the said office as provided in this Manual.

2.2.5. External Auditor

The Corporation shall establish standards for the appropriate selection of an External Auditor, and exercise effective oversight of the same to strengthen the External Auditor's independence and enhance audit quality.

2.2.5.1. An External Auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation, undertake an independent audit of the Corporation and provide objective assurance on the manner by which the financial statements shall be prepared and presented to the shareholders. The External Auditor which shall be duly accredited by the SEC, shall be selected and appointed by the shareholders upon recommendation of the Board, after consultations with the Audit and Risk Oversight Committee.

2.2.5.2. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an External Auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former External Auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which the External Auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the report shall be given by the Corporation to the External Auditor prior to its submission.

2.2.5.3. The External Auditor of the Corporation shall not at the same time provide the services of an internal auditor to the Corporation. If non-audit work is given to the External Auditor, the Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the External Auditor or pose a threat to its independence.

2.2.5.4. The Corporation's External Auditor or the signing partner of the auditing firm shall comply with the provisions on long association of personnel (including partner rotation) as prescribed in the Code of Ethics for Professional Accountants in the Philippines as adopted by the Board of Accountancy and the Professional Regulatory Commission, as such other standards as may be adopted by the SEC.

2.2.5.5. If an External Auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during its engagement is incorrect or incomplete, it shall present its views in said reports.

2.2.6. Internal Audit Group

2.2.6.1. 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. This shall be performed by an Internal Audit Group, headed by a qualified Chief Audit Executive or Internal Audit Group Head, in the case of the Corporation, appointed by the Board. The Internal Audit Group shall provide the Board, Management and shareholders with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with. The Internal Audit Group shall be guided by the International Standards on Professional Practice of Internal Accounting and shall perform the following functions, among others:

- Provide an independent risk-based assurance service to the Board, Audit and Risk Oversight Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;

- Perform regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;

- Perform consulting and advisory services related to governance and control as appropriate for the organization;

- Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;

- Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Corporation;

- Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;

- Evaluate specific operations at the request of the Board or Management, as appropriate; and

- Monitor and evaluate governance processes.

2.2.6.2. The Internal Audit Group Head shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. The Internal Audit Group Head, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit and Risk Oversight Committee and administratively to the President. The following are the responsibilities of the Internal Audit Group Head, among others:

- Periodically review the Internal Audit Charter and present it to senior Management and the Audit and Risk Oversight Committee for approval;

- Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;

- Communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior Management and the Audit and Risk Oversight Committee for review and approval;

- Spearhead the performance of the internal audit activity to ensure it adds value to the organization;
- Report periodically to the Audit and Risk Oversight Committee on the internal audit activity's performance relative to its plan; and

- Present findings and recommendations to the Audit and Risk Oversight Committee and give advice to senior Management and the Board on how to improve internal processes.

2.2.6.3. The minimum internal control mechanisms for Management's operational responsibility shall center on the Chief Executive Officer, being ultimately accountable for the Corporation's organizational and procedural controls.

2.2.6.4. The Internal Audit Group should submit to the Audit and Risk Oversight Committee and Management an annual report on the Internal Audit Group's activities, responsibilities and performance, relative to the audit plans and strategies approved by the Audit and Risk Oversight 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 Audit Group should certify that it conducts its activities in accordance with the International Standards on the Professional Practice of Internal Auditing; otherwise, the External Auditor shall disclose to the Board and Management the reasons for its non-compliance.

3 COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

3.1. The Corporation shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information, which is crucial for informed decision-making by investors, stakeholders and other interested users.

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

3.3. This Manual shall be available for inspection by any shareholder of the Corporation at reasonable hours on business days.

3.4. All Directors, executives, division and department heads 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.

3.5. An adequate number of printed copies of this Manual must be reproduced under the supervision of the Human Resources Department, with a minimum of at least one (1) hard copy of the Manual per department.

4 DISCLOSURE AND TRANSPARENCY OF CORPORATION'S CORPORATE GOVERNANCE POLICIES

4.1. The Corporation should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of the Corporation's financial condition, results and business operations.

4.2. The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by the responsible Committee or Officer through the Corporation's Compliance Officer;

4.3. All material information about the Corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders, shall be fully, fairly, accurately and timely disclosed to the public. Such information shall include earnings results, acquisition or disposal of significant assets, board changes, RPTs, shareholdings of directors and changes to ownership. In evaluating the fairness of the transaction price in a proposed acquisition or disposal of assets, an independent party shall be appointed by the Board of the offeree company.

4.4. All Directors and Officers shall disclose to the Corporation any dealings in the Corporation's shares within three (3) business days.

4.5. All relevant and material information on individual Board members and key executives shall be disclosed, to allow the shareholders to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.

4.6. The Corporation shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. The Corporation shall also disclose the remuneration as may be required by law, including termination and retirement provisions.

4.7. The Corporation shall disclose to the regulators and the public through the Corporation's website and required disclosures, any change, resignation or removal of any Director, member of the Senior Management, Internal Audit Group Head and External Auditor, and the reasons therefor.

4.8. The Corporation shall disclose the nature of non-audit services performed by its External Auditor in the Annual Report to deal with the potential conflict of interest.

4.9. The Corporation should ensure that the material and reportable non-financial and sustainability issues are disclosed. The Board should have 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. The Corporation shall endeavor to adopt a globally recognized standard or framework in reporting sustainability and non-financial issues.

Other information that shall always be disclosed includes corporate strategy and off balance sheet transactions.

4.10. The Corporation shall adopt and implement policies governing RPTs as may be required by the SEC. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.

4.11. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate exchange mechanisms and submissions to the SEC, which are applicable to the Corporation for the interest of the stockholders and other stakeholders.

5 SHAREHOLDERS AND OTHER STAKEHOLDERS

The Corporation shall treat all shareholders and other stakeholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

The Corporation 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 governance covenant between the Corporation and all its investors.

5.1. INVESTORS' RIGHTS AND PROTECTION

5.1.1. Commitment to Respect Rights of Investors/Minority Interests

The Board is committed to respect the rights of the shareholders and minority interests.

The Corporation shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO shall have a designated investor relations officer, whose email address and telephone number shall be published in the Corporation's Annual Report. The designated investor relations officer shall be present at every shareholders' meeting.

5.1.2. Voting Right

5.1.2.1. Shareholders shall have the right to nominate, elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code.

5.1.2.2. Cumulative voting shall be used in the election of Directors.

5.1.2.3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

5.1.2.4. The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the Corporation. The shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws of the Corporation, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the shareholders' favor.

5.1.3. Pre-emptive Right

All shareholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The articles of incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

5.1.4. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

5.1.5. Right to Information

5.1.5.1. The shareholders of the Corporation shall be provided, upon request, with periodic reports which disclose relevant personal and professional information about the Directors and Officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among Directors and key Officers, and compensation of Directors and Officers.

5.1.5.2. The Corporation shall endeavor to provide the shareholders with the notices of annual and special shareholders' meetings, at least 28 days before the meetings. Such notices shall contain sufficient and relevant information, such as the date, location, meeting agenda and its rationale and explanation, and details of issues to be deliberated on and approved or ratified at the meetings.

5.1.5.3. The Corporation shall make the result of the votes taken during the most recent annual or special shareholders' meeting publicly available the next working day.

5.1.5.4. The minutes of the annual and special shareholders' meeting shall be available on the Corporation's website within five (5) business days from the end of the meeting. The minutes of meeting shall include the following matters: (a) A description of the voting and the vote tabulation procedures used; (b) the opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received; (c) the matters discussed and the resolutions reached; (d) a record of the voting results for each agenda item; (e) a list of the Directors, Officers and shareholders who attended the meeting; and (f) dissenting opinion on any agenda item that is considered significant in the discussion process.

5.1.5.5. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

5.1.5.6. The minority shareholders shall have access to any and all information relating to matters for which the Management is accountable for and to those relating to matters for which the Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of shareholders' meetings, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.

5.1.5.7. Accurate and timely information shall be made available to the shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

5.1.6. Right to Dividends

5.1.6.1. Shareholders shall have the right to receive dividends subject to the discretion of the Board.

5.1.6.2. The Corporation 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 programs approved by the Board; or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

5.1.7. 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, 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 shareholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- 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.

5.1.8. Alternative Dispute Resolution for Intra-Corporate Disputes

The Office of the Corporate Secretary addresses concerns of stockholders and potential disputes between the Corporation and stockholders.

5.1.9. Promotion of Shareholders' 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 collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

5.2. Duties to Stakeholders

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

5.2.1. The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability. Stakeholders in corporate governance include, but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community the Corporation operates in, society, the government, regulators, competitors, external auditors, among others.

5.2.2. The Corporation's Code of Business Conduct and Ethics shall establish clear policies and programs to provide a mechanism for the fair treatment of stakeholders and better protection of their rights.

5.2.3. The Corporation shall maintain open and easy communication with its stakeholders, through stakeholder engagement touchpoints in the Corporation, such as the IRO, Office of the Corporate Secretary, customer care, and corporate communications group.

5.2.4. The Corporation shall develop and maintain mechanisms for active employee participation to create a symbiotic environment, and encourage involvement in corporate governance processes and in the realization of the Corporation's goals.

5.2.5. The Corporation shall establish policies and programs for employees covering, among others, the following: (a) health, safety and welfare; (b) training and development; and (c) reward/compensation for employees, to encourage employees to perform better and motivate them to take a more dynamic role in the Corporation.

5.2.6. The Corporation does not tolerate corrupt practices, as expressed in its Code of Business Conduct and Ethics and various anti-corruption policies and

programs, which are disseminated to employees across the organization to embed them in the Corporation's culture.

5.2.7. The Corporation shall establish and maintain a whistleblowing policy that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to a unit tasked to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

5.2.8. The Corporation shall be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

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

6 TRAINING AND ASSESSMENT

The best measure of the Board's effectiveness is through an assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

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

6.2. The Board's self-assessment system shall provide, at the minimum, criteria and process to determine the performance of the Board, the individual Directors and the Committees and should allow for a feedback mechanism from the shareholders.

6.3. 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 7 of this Manual.

6.4. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.

6.5. The Board of Directors and key Officers of the Corporation, including the Corporate Secretary and Compliance Officer, shall attend a continuing training on corporate governance as may be required by the SEC, which shall include courses on the developments in the business and regulatory environments, including emerging risks relevant to the Corporation. First-time Directors shall attend an orientation program, to ensure that they are appropriately apprised of their duties and responsibilities, before

beginning their directorships. The orientation program covers SEC-mandated topics on corporate governance and an introduction to the Corporation's business, articles of incorporation, and Code of Business Conduct and Ethics.

This Manual shall be subject to quarterly review unless otherwise amended by the Board.

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

7 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

7.1. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, Officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:

- In case of first violation, the subject person shall be reprimanded.
- Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. This shall not be applicable to Directors.
- For third violation, the maximum penalty of removal from office shall be imposed. With regard to Directors, the provision of Section 28 of the Corporation Code shall be observed.

7.2. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

Adopted by the Unanimous Vote of the Board of Directors on June 27, 2002 and amended on April 14, 2010, March 27, 2014, July 17, 2014, May 10, 2017 and July 3, 2025.

Certified correct:

RAMON S. ANG
Chairman and Chief Executive Officer

VIRGILIO S. JACINTO
SVP - General Counsel and Compliance Officer