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The Board of Directors and Management, i.e. officers and staff, and consultants of D&L Industries, Inc. (“Company”), hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

I. OBJECTIVE & FRAMEWORK

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

The Company’s corporate governance framework consists of this Manual, Articles of Incorporation, By-Laws, Charters, Code of Business Principles and other specific policies. The Framework strives to foster continuous improvement of corporate performance and instill stakeholder confidence in the Company.

The Board of Directors and Management, employees, consultants 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 within the organization as soon as possible.

II. BOARD OF DIRECTORS

The Company should 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.

A. Composition of the Board

The Board shall be composed of seven (7) directors, at least three (3) of whom are independent directors, who are elected in accordance with the Company’s By-Laws.

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.

B. Board Diversity

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at board level as an essential element in maintaining a competitive advantage. Thus, the Board shall ensure, as far as practicable, that it has an appropriate mix of competence, expertise, background, ethnicity and gender. In screening nominees to the Board, the Nominations Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. The balance of skills, experience, independence and knowledge of the Company on the Board, the diversity representation of the Board, including gender, and how the Board works together as a unit shall be among the factors to be considered in assessing the effectiveness of the Board.

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C. Board Meetings

The members of the Board should attend its regular and special meetings held in accordance with the Corporation's By-Laws and the rules and regulations of the SEC. As far as circumstances may allow, at least one (1) independent director should be present in all meetings.

To enable the members of the Board to properly fulfill their duties and responsibilities, Management, upon request, shall provide them with complete, adequate and timely information about the matters to be taken up in their meetings.

D. Qualifications of a Director

In addition to the qualifications provided in the Corporation Code, Securities Regulation Code and other relevant laws, a Director shall also possess the following qualifications:

1. possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile;
2. have a record of integrity and good repute;
3. have sufficient time to carry out their responsibilities; and
4. have the ability to promote a smooth interaction between board members.

E. Disqualifications of a Director

In addition to the disqualifications provided in the By-Laws, Corporation Code, Securities Regulation Code and other relevant laws, the following persons shall be permanently disqualified to be elected to the Board:

1. 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;
2. 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 underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

3. The disqualification should also apply if (a) such person is 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 Commission or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is 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;
4. Any person convicted 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;
5. Any person who has been adjudged by final judgment or order of the SEC, BSP, 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, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
6. Any person judicially declared as insolvent;
7. 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 enumerated previously;
8. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and
9. Other grounds as the SEC may provide.

In addition, the following may be grounds for temporary disqualification of a director:

1. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification should apply for purposes of the succeeding election;
2. 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 Commission. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
3. 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; provided,

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the disqualification from being elected as an independent director is lifted if the limit is later complied with; and

4. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

F. Nomination, Election and Term of Directors

The members of the Board of Directors shall be elected by the stockholders at the annual meeting. For purposes of election to the Board of Directors, any and all nominations shall be submitted to and received at the principal office of the corporation at least ten (10) calendar days before the date of the meeting addressed to the attention of the Corporate Secretary. Each Director shall hold office until the annual meeting held next after his election and until his successor shall have been duly chosen and qualified or until he shall have resigned.

G. Chairperson of the Board

The Board shall appoint a competent and qualified Chairperson. In addition to his duties and responsibilities under the By-Laws, the Chairperson, who should be a non-executive officer of the Company, shall have the following responsibilities:

1. Preside at the meetings of the directors and stockholders and ensure that the meetings are held in accordance with the By-Laws;
2. Make certain that the Board meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
3. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
4. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
5. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
6. Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
7. Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

H. Corporate Secretary

The Board shall appoint a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance.

The Corporate Secretary shall be primarily responsible to the Company and its shareholders, and not to the Chairman or President of the Company. His duties and responsibilities are:

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1. Assist the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
2. Safe keep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Company;
3. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advise the Board and the Chairman on all relevant issues as they arise;
4. Work fairly and objectively with the Board, Management and stockholders and contribute to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
5. Advise the Board on the organization of board committees and their terms of reference;
6. Inform members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
7. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family or serious accidents, prevent him/her from doing so;
8. Perform required administrative functions;
9. Oversee the drafting of the by-laws and ensure that they conform with regulatory requirements; and
10. Perform such other duties and responsibilities as may be provided by the Board and SEC.

I. Compliance Officer

The Board shall appoint a Compliance Officer, who should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Company. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.

The Compliance Officer shall be a member of the Company's management team in charge of the compliance function. The Compliance Officer shall be primarily liable to the Company and its shareholders, and not to the Chairman or President of the Company. His duties and responsibilities are:

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1. Ensure proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
2. Monitor, review, evaluate and ensure the compliance by the Company, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
3. Report violations to the Board and recommend the imposition of appropriate disciplinary action;
4. Ensure the integrity and accuracy of all documentary submissions to regulators;
5. Appear before the SEC when summoned in relation to compliance with this Code;
6. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
7. Identify possible areas of compliance issues and work towards the resolution of the same;
8. Ensure the attendance of board members and key officers to relevant trainings; and
9. Perform such other duties and responsibilities as may be provided by the Board and SEC.

J. Roles and Responsibilities of the Board

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company'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 roles and responsibilities of the Board, among others are:

1. The Board shall be primarily responsible for the governance of the Company and shall, hence, ensure compliance with this Manual.
2. The Board members shall 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.
3. The Board shall oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength.
4. The Board shall be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company.

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5. The Board shall align the remuneration of key officers and board members with the long-term interests of the Company. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration.
6. The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.
7. The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).
8. The Board shall establish an effective performance management framework that will ensure that the Management, including the CEO, and personnel's performance is at par with the standards set by the Board and Senior Management.
9. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall also approve the Internal Audit Charter.
10. 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. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.
11. The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the Company's website.

K. Training for Directors and Officers

All directors and key officers shall attend at least one training program on corporate governance every year from reputable training providers. First-time directors shall undergo an orientation program to be conducted by the Company.

III. BOARD COMMITTEES

Board committees shall be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The

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composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

A. Executive Committee.

The Board shall create an Executive Committee of such number as the Board shall determine who shall hold office for one year and /or until their respective successors shall be designated, provided that the composition of the Executive Committee shall be in compliance with the provisions of the Corporation Code and related issuances and rules and regulations including any or all amendments, modifications, or new inclusions thereto. The Executive Committee shall adopt its own rules of procedure, and shall keep regular minutes of this proceedings. The Executive Committee shall, during the intervals between the meetings of the Board, possess and may exercise powers of the Board which can lawfully be delegated in the management and direction of the affairs of the Company in all cases in which specific directions shall have not been given by the Board. All actions by the Executive Committee shall be reported to the Board at its meeting next succeeding such action, and shall be subject to revision and alteration by the Board, provided that no rights of third parties shall be affected by any such revision or alteration.

B. Audit Committee

The Board shall establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, shall be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairperson of the Audit Committee should not be the chairperson of the Board or of any other committees.

The Audit Committee has the following duties and responsibilities, among others:

1. Recommend the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversee the implementation of the IA Charter;
2. Through the Internal Audit (IA) Department, monitor and evaluate the adequacy and effectiveness of the Company'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 should be in place in order to (a) safeguard the Company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
3. Oversee the Internal Audit Department, and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE);
4. Approve the terms and conditions for outsourcing internal audit services;

5. Establish and identify the reporting line of the Internal Auditor, who shall directly report to the Audit Committee, to enable him to properly fulfill his duties and responsibilities;
6. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
7. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
8. Evaluate and determine the non-audit work, if any, of 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 Company's overall consultancy expenses, provided the Audit Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence¹; provided further, that the non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;
9. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - a. Any change/s in accounting policies and practices
 - b. Areas where a significant amount of judgment has been exercised
 - c. Significant adjustments resulting from the audit
 - d. Going concern assumptions
 - e. Compliance with accounting standards
 - f. Compliance with tax, legal and regulatory requirements
10. Review the disposition of the recommendations in the External Auditor's management letter;
11. Perform oversight functions over the Company's Internal and External Auditors and ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
12. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
13. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;
14. Meet with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meet with the head of the internal audit; and

¹ As defined under the Code of Ethics for Professional Accountants

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C. Related Party Transactions Committee

The Board shall establish a Related Party Transactions (RPT) Committee to review all material related party transactions of the Company. It shall be composed of at least three non-executive directors, two of whom should be independent, including the Chairman. The RPT Committee shall perform the following functions:

1. 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;
2. Evaluate 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 nonrelated parties under similar circumstances and that no corporate or business resources of the company 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 Committee takes into account, among others, the following:
 - a. The related party's relationship to the Company and interest in the transaction;
 - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c. The benefits to the Company of the proposed RPT;
 - d. The availability of other sources of comparable products or services; and
 - e. 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 company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
3. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company'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 Company's affiliation or transactions with other related parties;
4. 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;
5. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

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D. Corporate Governance Committee

The Board shall establish a Corporate Governance Committee that shall be tasked to assist the Board in the performance of its corporate governance responsibilities. The Corporate Governance Committee shall be composed of at least three members, all of whom should be independent directors, including the Chairperson.

The Corporate Governance Committee has the following duties and functions, among others:

1. 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;
2. 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;
3. 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;
4. 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;
5. Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
6. Propose and plan relevant trainings for the members of the Board; and
7. Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.

E. Nomination Committee

The Board shall establish a Nomination Committee to be composed of at least three (3) members of the Board, one of whom shall be an independent director. It shall have the following duties and functions:

1. Determine the nomination and election process for the Company's directors and define the general profile of board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
2. Review and evaluate the qualifications of all persons nominated as director, whose names are submitted to the Corporation in accordance with Article IV, Section 1 of the By-laws, and other appointments that require Board approval, and assess the effectiveness of the Board's processes and procedures in the election and replacement of directors; and

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3. Prescribe screening policies and parameters in the review of the qualifications of nominees for independent directors in conformity with applicable laws and regulations.

F. Risk Oversight Committee

The Board shall establish a separate Risk Oversight Committee (ROC) that shall be responsible for the oversight of a Company's Enterprise Risk Management system to ensure its functionality and effectiveness. The ROC shall be composed of at least three members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

The ROC has the following duties and responsibilities, among others:

1. Develop a formal enterprise risk management 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;
2. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee, provided, the ROC conducts regular discussions on the Company'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;
3. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness by revisiting defined risk management strategies, looking for emerging or changing material exposures, and staying abreast of significant developments that seriously impact the likelihood of harm or loss;
4. Advise the Board on its risk appetite levels and risk tolerance limits;
5. Review at least annually the Company'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 company;
6. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence with priority areas of concern to include those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
7. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation, including regularly receiving information on risk exposures and risk management activities from Management; and

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

G. Other Committees

The Board may create and constitute such other committees, as it may deem necessary. Any such newly constituted committee shall have such authority and responsibilities and shall perform such duties as the Board may prescribe. If any of above-listed committees are not established, the functions of these committees may be carried out by the whole board or by any other committee.

H. Committee Charters

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 Company's website. All the Committee Charters shall be subject to the approval of Board.

I. Committee Reports

Each Committee shall submit an annual report of its activities to the Board, which may be included in the Company's annual report.

IV. BOARD COMMITMENT

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

A. Attendance of Directors

The directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing 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 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.

B. Multiple Directorships

The non-executive directors of the Board should concurrently serve as directors to a maximum of five 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 Company.

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

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V. BOARD INDEPENDENCE

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

A. Selection of Independent Directors

The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position. An Independent Director refers to a person who, ideally:

1. Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
2. Is not, and has not been in the three years immediately preceding the election, a director of the Company; a director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies;
3. Has not been appointed in the Company, 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 years immediately preceding his election;
4. Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;
5. Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
6. Is not acting as a nominee or representative of any director of the Company or any of its related companies;
7. 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;
8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

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9. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
10. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and
11. Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

B. Term Limit for Independent Directors

The Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from reelection as such in the Company, but may continue to qualify for nomination and election as a non-independent director. In the instance that Company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

C. Chief Executive Officer

The positions of Chairman of the Board and Chief Executive Officer (CEO) shall be held by separate individuals and each shall have clearly defined responsibilities.

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

1. Determine the Company's strategic direction and formulate and implement its strategic plan on the direction of the business;
2. Communicate and implement the Company's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
3. Oversee the operations of the corporation and manage human and financial resources in accordance with the strategic plan;
4. Have a good working knowledge of the Company's industry and market and keep up-to-date with its core business purpose;
5. Direct, evaluate and guide the work of the key officers of the Company;
6. Manage the Company's resources prudently and ensure a proper balance of the same;

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7. Provide the Board with timely information and interface between the Board and the employees;
8. Build the corporate culture and motivate the employees of the Company; and
9. Serve as the link between internal operations and external stakeholders.

Note: the roles of the Chairperson are provided in Section II(F) above.

D. Lead Independent Director

The Board shall designate a lead director among the independent directors if the Chairperson of the Board is not independent.

The functions of the lead independent director include, among others, the following:

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

E. Conflict of Interest

A director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same.

F. Meetings of NEDs

The non-executive directors (NEDs) should have separate meetings, at least twice a year, 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.

VI. BOARD PERFORMANCE 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.

A. Self-Assessment

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

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B. Establish Performance Criteria

The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.

VII. BOARD ETHICS

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

A. Code of Business Conduct and Ethics

The Board shall 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 shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the company website.

B. Implementation and Monitoring

The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies and set in place proper avenues where issues may be raised and addressed without fear of retribution.

VIII. DISCLOSURE AND TRANSPARENCY

A. Disclosure Policy

The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations. More specifically:

1. 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 a company's financial condition, results and business operations.
2. The Board shall require all directors and officers to disclose/report to the Company any dealings in the Company's shares within one day.
3. The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

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4. The Company 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. Also, the Company shall disclose the Board and executive remuneration in such manner as it may deem adequate.
5. The Company shall disclose in its Annual Corporate Governance Report the material or significant RPTs reviewed and approved during the year.
6. The Company shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

B. External Audit

The Board 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. The standards shall provide, among others, that:

1. The appointment, reappointment, removal, and fees of the external auditor should 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 should be disclosed to the regulators and the public through the company website and required disclosures.
2. The Company 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. The Audit 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.

The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors 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. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

C. Non-Financial and Sustainability Reporting

The Company shall ensure that the material and reportable non-financial and sustainability issues are disclosed. To this end, the Board shall formulate a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. Companies should adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

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D. Access to Information

The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information, such as media and analysts' briefings. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

IX. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Company should have a strong and effective internal control system and enterprise risk management framework.

A. Internal Controls and ERM

The Company 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. The internal control system shall embody management oversight and control culture; risk recognition and assessment; control activities; information and communication; monitoring activities and correcting deficiencies. Moreover, the enterprise risk management framework may include such activities as the identification, sourcing, measurement, evaluation, mitigation and monitoring of risk.

B. Internal Audit

The Company 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 Company's operations.

The following are the functions of the internal audit, among others:

1. Provide an independent risk-based assurance service to the Board, Audit 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 Company, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
2. Perform regular and special audit as contained in the annual audit plan and/or based on the Company's risk assessment;
3. Perform consulting and advisory services related to governance and control as appropriate for the Company;
4. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the Company;

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5. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Company;
6. 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;
7. Evaluate specific operations at the request of the Board or Management, as appropriate; and
8. Monitor and evaluate governance processes.

C. Chief Audit Executive

As may be determined by the Board, it may appoint a qualified Chief Audit Executive (CAE), who 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. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.

The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit Committee and administratively to the CEO. The following are the responsibilities of the CAE, among others:

1. Periodically review the internal audit charter and present it to senior management and the Board Audit Committee for approval;
2. 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;
3. 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 Committee for review and approval;
4. Spearhead the performance of the internal audit activity to ensure it adds value to the organization;
5. Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan;
6. Present findings and recommendations to the Audit Committee and give advice to senior management and the Board on how to improve internal processes.

D. Risk Management

As may be determined by the Board, the Company may have a separate risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:

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1. Defining a risk management strategy;
2. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
3. Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
4. Establishing a risk register with clearly defined, prioritized and residual risks;
5. Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;
6. 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
 - i. Monitoring and evaluating the effectiveness of the organization's risk management processes.

E. Chief Risk Officer

In managing the Company's Risk Management System, the Company may have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a Company's size, risk profile and complexity of operations.

The CRO has the following functions, among others:

1. Supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
2. Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
3. Collaborate with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
4. Suggest ERM policies and related guidance, as may be needed; and
5. Provide observations on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with.

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X. SHAREHOLDER RELATIONS

The Company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

A. Shareholder Rights

The Board shall be committed to respect the rights of the stockholders, which shall be exercised in accordance with the Corporation Code, Articles of Incorporation and By-Laws of the Corporation, and which relate to the following, among others:

- Dividend policies;
- Holding of meetings and inclusion of agenda items ahead of the scheduled Annual and Special Shareholders' Meeting;
- Nomination of candidates to the Board of Directors;
- Nomination process; and
- Voting procedures that would govern the Annual and Special Shareholders' Meeting.

The Board recognizes the right of minority shareholders to propose the holding of meetings and items for inclusion in the agenda that relate directly to the business of the Corporation and shall establish policies and procedures to implement said right.

Further, all shareholders shall be given the opportunity to nominate candidates to the Board of Directors in accordance with the existing laws and the Company's Articles of Incorporation and By-Laws. The procedures of the nomination process and experience and background of the candidates shall be promptly and fully disclosed to enable the shareholders to make an informed decision.

Shareholders shall be encouraged to vote on fundamental corporate changes such as: (1) amendments to the Articles of Incorporation and By-Laws of the company; (2) the authorization on the increase in authorized capital stock; and (3) extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Company.

B. Notice and Minutes of Shareholders' Meetings

To encourage active shareholder participation, the Company may send the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting, but in no case less than the period provided in the Company's By-Laws. The Notice shall include, among others, the date, location, meeting agenda and its rationale and explanation, and details of issues to be deliberated on and approved or ratified at the meeting.

The Board shall disclose the next working day the results of the votes taken during the most recent Annual or Special Shareholders' Meeting and the Minutes of the Annual and Special Shareholders' Meeting within five business days from the end of the meeting. Voting results shall include a breakdown of the approving and dissenting votes on the matters raised during the Annual or Special Stockholders' Meeting. The Minutes of Meeting shall include the following matters: (1) A description of the voting and the vote tabulation procedures used; (2) the opportunity given to shareholders to

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ask questions, as well as a record of the questions and the answers received; (3) the matters discussed and the resolutions reached; (4) a record of the voting results for each agenda item; (5) a list of the directors, officers and shareholders who attended the meeting; and (6) dissenting opinion on any agenda item that is considered significant in the discussion process, if any.

C. Alternative Dispute Resolution

The Company encourages the amicable resolution of intra-corporate disputes. If an amicable settlement cannot be reached, intra-corporate disputes with claims valued at less than Three Million Pesos (P3,000,000.00) shall be resolved through alternative dispute resolution options provided in and in accordance with Philippine Republic Act No. 9285 or the “*Alternative Dispute Resolution Act of 2004*”. The venue shall be in Quezon City, Philippines.

D. Investor Relations Office

The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO shall be present at every shareholders’ meeting. The IRO shall handle feedback, complaints and queries from shareholders and ensure that all information regarding the activities of the Company are properly and timely communicated to shareholders.

XI. DUTIES TO STAKEHOLDERS

A. Rights Of 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. To this end, the Board shall:

1. Identify the Company’s various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability;
2. Establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders; and
3. Adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.

B. Employee Participation

To foster employee participation, the Board shall:

1. Establish policies, programs and procedures that encourage employees to actively participate in the realization of the company’s goals and in its governance, including (1) health, safety and welfare; (2) training and development; and (3) reward/compensation for employees;
2. Set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct and disseminate the same to employees across the Company through trainings to embed them in the company’s culture; and

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3. Establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

C. Corporate Social Responsibility

The Company shall be socially responsible in all its dealings with the communities where it operates. It recognizes and places an importance on the interdependence between business and society. Hence, it shall promote a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates.

XII. MONITORING AND ASSESSMENT

- A. Each Committee shall report regularly to the Board of Directors.
- B. Subject to the approval of the Board, 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 this Manual.
- C. This Manual shall be subject to review every three years. The Board may provide for a more frequent review as it may deem necessary.
- D. All business processes and practices being performed within any department or business unit of the Company that are not consistent with this Manual shall be revoked or amended to be compliant with this Manual.

XIII. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

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

1. In case of first willful violation, the subject person shall be reprimanded.
2. Suspension from office shall be imposed in case of second willful violation. The duration of the suspension shall depend on the gravity of the violation.
3. For third willful violation, the maximum penalty of removal from office shall be imposed.

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.

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