

# CERTIFICATION

I, **VELMA T. CHAN**, being the Corporate Secretary of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-CEBU, INC.**, with SEC registration number CS201421675 and with principal office at 982 N. Bacalso Avenue, Brgy. Basak, Pardo, Cebu City, Philippines, do hereby certify and state that:

- 1) The information contained in the New Manual on Corporate Governance submitted online on August 13, 2020 is true and correct to the best of my knowledge.
- 2) The hard/physical copy of the said report was sent through SEC Express Nationwide Submission (SENS) on August 14, 2020.
- 3) The New Manual on Corporate Governance submitted online on August 13, 2020 is one and the same document as the hard/physical copy sent through SENS.
- 4) I am fully aware that any inconsistencies in the information contained in the hard/physical copy as compared to the one sent via email, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply the orders of the Commission.
- 5) I am executing this certification on August 13, 2020 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



**VELMA T. CHAN, MD**  
Corporate Secretary  
TIN 178-631-448



## THE NEW MANUAL ON CORPORATE GOVERNANCE

OF

### ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-CEBU INC.

The Board of Directors, Management, Officers and employees of Allied Care Experts (ACE) Medical Center-Cebu Inc. (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 corporate goals.

The Board adopts the following corporate governance principles in accordance with the Code of Corporate Governance and pursuant to SEC Memorandum Circular No. 24, series of 2019:

#### DEFINITION OF TERMS

**Corporate Governance** - the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their shareholders and other stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board of Directors and senior management accountable for ensuring ethical behavior and reconciling long-term customer satisfaction with shareholder value, to the benefit of all stakeholders and society.

Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

**Board of Directors** – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.

**Management** – a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.

**Independent Director** – a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived, to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

**Executive Director** – a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.

**Internal Control** – a process designed and effected by the board of directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.

**Related Party** – covers the corporation's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity of affinity, legitimate or common-law, and other persons if these persons have control, joint control or

significant influence over the corporation. It also covers the corporation's parent, subsidiaries, as well as affiliates and any entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

**Related Party Transactions** – a transfer of resources, services or obligations between the corporation and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

**Significant Influence** - The power to participate in the financial and operating policy decisions of the corporation but has no control or joint control of those policies.

**Stakeholders** – any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

## **RULES OF INTERPRETATION**

All references to the masculine gender in the salient provisions of this Manual will likewise cover the feminine gender.

All doubts or questions that may arise in the interpretation or application of this Manual will be resolved in favor of promoting transparency, accountability and fairness to the stockholders, investors and stakeholders of the corporation.

## **THE BOARD'S GOVERNANCE RESPONSIBILITIES**

### **Principle 1. Establishing a Competent Board**

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 growth in a manner consistent with its corporate objectives and the long-term best interests of its shareholders/members and other stakeholders.

1.1 The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry. The Board should 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.

1.2 The Board should be headed by a competent and qualified Chairperson who shall have, among others, the following responsibilities:

- a. Makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, taking into account the

developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.

- b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions.
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors.
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations by Management.
- e. Assures the conduct of proper orientation for first-time directors and continuing training opportunities for all directors.

1.3 The Company shall conduct training, including an orientation program for first-time directors and relevant annual continuing training for directors.

The orientation program ensures that the new members are appropriately apprised of their duties and responsibilities before beginning their directorships and throughout their tenure.

1.4 The Board will have a policy on board diversity which avoids groupthink and ensure that optimal decision-making is achieved. Groupthink is a mode of thinking in which individual members of small cohesive groups tend to accept a viewpoint or conclusion that represents a perceived group consensus, whether or not the group members believe it to be valid, correct or optimal.

1.5 The Board shall ensure that it is assisted in its duties by a Corporate Secretary who shall have the following functions:

- a. Assists the Board and the Board committees in the conduct of their meetings, agenda setting, preparation of annual schedule of meetings and board calendar;
- b. Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Board committees and shareholders/members, as well as other official records of the corporation;
- c. Keeps abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise.
- d. Works fairly and objectively with the Board, Management and shareholders/members and contributes to the flow of information between the Board and Management, the Board and its committees, and the Board and its shareholders/members as well other stakeholders
- e. Advises on the establishment of board committees
- f. Informs members of the Board, in accordance with the by-laws, of the agenda of the meetings at least one (1) day before the date of the meeting, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

- g. Attends all meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.
- h. Performs all required administrative functions.
- i. Performs such other duties and responsibilities as may be provided by the Board.

1.6 The Board shall ensure that it is assisted in its duties by a Compliance Officer who shall not be a member of the Board and shall annually attend a training on corporate governance. The Compliance Officer shall have the following responsibilities:

- a. Ensures proper onboarding of new directors
- b. Monitors, reviews, evaluates and ensures compliance by the corporation, its officers and directors with relevant laws, this manual and regulations issued by the Commission.
- c. Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- d. Appears before the Commission when summoned in relation to compliance with the Code and other relevant rules and regulations;
- e. Collaborates with other departments within the company to properly address compliance issues and works toward the resolution of the same; and
- f. Ensures the attendance of board members and key officers to relevant trainings.

## **Principle 2. Establishing Clear Roles and Responsibilities of the Board**

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the corporation's articles of incorporation and by-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to shareholders/members and other stakeholders.

2.1 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/members and all other stakeholders.

2.2 The Board shall oversee the development of and approve the company's business and strategy, and monitor its implementation, in order to sustain the company's long-term viability and strength.

2.3 The Board shall be responsible for ensuring an effective succession planning program for directors, key officers and Management to ensure the continuous and consistent growth of the company. This shall include adopting a retirement policy for directors and key officers

2.4 The Board shall align the remuneration of key officers and board members with the long-term interests of the company/organization.

2.5 The Board shall develop a formal nomination and election policy which provides for the procedures on how the Board accepts nominations.

In addition to the qualification 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:

1. He shall hold at least 50 blocks or 500 shares of stocks of the Corporation;
2. He shall be at least a college graduate or sufficient experience in managing the business to substitute for such formal education;
3. He shall be at least twenty-one (21) years old;
4. He shall have proven to possess integrity and probity; and
5. He shall be assiduous.

The following are grounds for the permanent disqualification of a director:

- 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 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 subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;

The disqualification will 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;

- 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;

- 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;
- Any person judicially declared as insolvent;
- 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;
- Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Revised Corporation Code committed within five years prior to the date of his election or appointment; and
- Other grounds as the SEC may provide.

In addition, the following may be grounds for temporary disqualifications:

- 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 will be in effect until he has cleared himself from 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 from being elected as an independent director is lifted if the limit is later complied with; and
- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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

2.6 The Board shall ensure the integrity of related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain threshold of materiality. The Board shall review and approve material RPTs to guarantee fairness and transparency of the transactions.

2.7 The Board shall ensure that an internal control system is in place and a mechanism is set up to monitor and manage potential/actual conflicts of interests of board members, management and shareholders.

### **Principle 3. Establishing 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, compliance and other key corporate governance concerns, such as nomination and remuneration.

#### **Audit Committee**

- Composed of at least three (3) members, including 2 independent directors, one of whom shall be the chairman of the committee. All of the members should have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance.

The committee shall have the following functions:

- (1) 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.
- (2) Establish the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee.
- (3) Monitor the Management's responsiveness to the Internal Auditor's findings and recommendations
- (4) Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one firm is involved in the activity to identify proper coverage and minimize duplication of efforts.
- (5) Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews 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 Committee will 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, will be disclosed in the corporation's Annual Report.
- (6) Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Areas where a significant amount of judgment has been exercised
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements
- (7) Review the recommendations in the External Auditor's management letter;

- (8) Perform oversight functions over the corporation's Internal and External Auditors; 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;
- (9) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- (10) 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 corporation, and provide an objective assurance on the manner by which the financial statements will be prepared and presented to the stockholders; and
- (11) Evaluates on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties continuously identified, RPTs are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties.
- (12) Meets internally and with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meets with the head of Internal Audit.

#### Corporate Governance Committee

It shall be composed of at least three (3) directors, majority of whom should be independent directors, including the Chairperson.

The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions among others:

- a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity of operations and business strategy, as well as business and regulatory environments;
- b. Recommends the 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; and
- c. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

#### Nominations Committee

The committee shall be composed of at least three (3) voting directors (one of whom must be an independent director) and at least two (2) non-voting members. It shall have the following duties:

- a. It shall 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 the By-laws of the Corporation and in this Manual.

- b. The Nomination Committee shall consider the capacity of the director in the determination of the number of directorship which a member of the Board may hold. The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

#### Compensation and Remuneration Committee

The Compensation and Remuneration Committee shall be composed of at least three (3) voting members, one of whom shall be an independent director, and at least two (2) non-voting members. The committee shall have the following duties:

- a. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.
- b. Designate an 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.
- c. Develop a form of 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 business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
- d. Disallow any director to decide his or her own remuneration.
- e. Provide in the Corporation's Annual Report (SEC Form 17-A) Information and proxy Statements (SEC Form 20-IS) 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.
- f. Review the existing Human Resources Development or Personnel Handbook 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.

#### Principle 4. Fostering Commitment

To show full commitment to the company, the directors shall 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.

4.1 The directors shall 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 Commission, 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 directors shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

## Principle 5. Reinforcing Board Independence

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

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

5.2 The Board should have at least two(2) independent directors, or at least 20% of the members of the Board, whichever is higher.

5.3 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.

The independent directors need to possess a good general understanding of the industry that the company engages in. An independent director refers to a person who:

- a. 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;
- b. Is not, and has not been, in the two (2) 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;
- c. Is not an owner of more than two percent (2%) of the outstanding shares of the corporation, its subsidiaries, associates, affiliates or related companies;
- d. Is not a relative of a director, officer, or substantial shareholder of the corporation, or any of its related companies, or 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;
- e. Is not acting as a nominee or representative of any director of the corporation or any of its related companies;
- f. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to 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;
- g. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the corporation, any of its related companies or substantial 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;

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

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

5.4 The positions of Chairperson of the Board and President or its equivalent position, shall be held by separate individuals and each shall have clearly defined responsibilities.

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

- a. Implements the corporation's strategic plan on the direction of the business;
- b. Communicates and implements the corporation's vision, mission, values, and overall strategy as formulated by the Board and promotes any organization or stakeholder change in accordance with the same;
- c. Oversees the operations of the corporation's industry and market and keeps up-to-date with its core business purpose;
- d. Directs, evaluates and guides the work of the key officers of the corporation;
- e. Manages the corporation's resources prudently and ensures a proper balance of the same;
- f. Provides the Board with timely information and interfaces between the Board and the employees;
- g. Builds the corporate culture and motivates the employees of the corporation; and
- h. Serves as the link between internal operations and external stakeholders.

5.7 A director with a material or potential interest in any transaction affecting the corporation should fully disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction.

#### **Principle 6. Assessing Board Performance**

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 Chairperson, individual members and committees.

#### **Principle 7. Strengthening Board Ethics**

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

7.1 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 of board members.

The Code shall be properly disseminated to all the members of the Board. It shall also be disclosed and made available to the public through the company website.

#### **Principle 8. Enhancing Company Disclosure Policies and Procedures**

The Board shall establish corporate disclosure policies and procedures that are practical and in accordance with generally-accepted best practices and regulatory expectations.

8.1 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 corporation's financial condition, results and business operations.

8.2 The directors and officers of the corporation shall disclose or report to the corporation, any dealings in the corporation's shares by the said director or officer, within five(5) business days.

#### **Principle 9. Strengthening External Auditor's Independence and Improving Audit Quality**

The company 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.

9.1 The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor shall be recommended by the audit committee and approved by the Board of Directors and stockholders.

9.2 The corporation shall disclose the nature of non-audit services performed by its external auditor in the Annual Report in the interest of managing potential conflict of interest cases. 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.

#### **Principle 10. Increasing Focus on Non-Financial and Sustainability Reporting**

The Board should ensure that the company discloses material and reportable non-financial and sustainability issues.

10.1 The company shall have a clear and focused strategy on the disclosure of non-financial information. It shall disclose to all shareholders and other stakeholders the company's strategic (long term goals) and operational objectives (short term goals) as well as impact of a wide range of sustainability issues, with emphasis on the management of environmental, economic, social and governance issues of its business which underpin sustainability.

**Principle 11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information**

The corporation shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information.

11.1 The company shall have a website to ensure a comprehensive, cost efficient, transparent and timely manner of disseminating relevant information to the public.

**Principle 12. Strengthening Internal Control and Risk Management Systems**

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

12.1 The corporation shall have an adequate and effective control system, taking into account its size, risk profile, nature and complexity of operations.

**Principle 13. Promoting Shareholder/member Rights**

The corporation shall treat all shareholders/members fairly and equitably, and also, recognize, protect and facilitate the exercise of their rights.

13.1 Shareholders shall have the following rights, among others:

- i. Right to participate in the approval of material corporate acts;
- j. Right to propose the holding of meetings and to include agenda items ahead of the scheduled annual and special shareholders meeting;
- k. Right to vote on matters requiring the vote of the shareholders under the law;
- l. Pre-emptive right;
- m. Right to dividends; and
- n. Appraisal right.

13.4 The Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.

**Principle 14. Respecting the Rights of Stakeholders and Effective Redress for Violation of Stakeholders Rights**

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 shall have the opportunity to obtain prompt effective redress for the violation of their rights.

14.1 The Board shall identify the corporation's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.

**Principle 15. Encouraging Employees' Participation**

A mechanism for employee participation shall be developed to create a symbiotic working environment consistent with the realization of the corporation's objectives and good corporate governance goals.

15.1 The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the corporation's goals and in its governance.

15.2 The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics. The Board shall disseminate the policy and program to employees across the organization through orientations and continuous trainings to embed them in the corporation's culture.

**Principle 16 Encouraging Sustainability**

The company shall be socially responsible in its dealings with the communities in which 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.

16.1 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.

**MONITORING AND ASSESSMENT**

Each Committee shall report regularly to the Board of Directors.

The Compliance Officer will establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof will subject the responsible officer or employee to the penalty provided under this Manual.

The adoption of such performance evaluation system must be covered by a Board approval.

This Manual will be subject to annual review or as frequent as the Board may determine.

All business processes and practices being performed within any department or business unit of the corporation that are not consistent with this Manual shall be revoked unless otherwise determined by the Board.

#### **PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL**

To strictly observe and implement the provisions of this manual, the following penalties will 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:

First violation - Reprimand

Second Violation - Suspension from office; the duration of the suspension will depend on the gravity of the violation.

Third Violation - Maximum penalty of removal from office.

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

#### **EFFECTIVE DATE**

This New Manual on Corporate Governance shall be effective upon its approval.

**Signed:**



**AMADO MANUEL ENRIQUEZ, JR.**  
Chairman of the Board



**GEANIE CERNA-LOPEZ**  
President



**ROSALINA FIDALGO-TESORIO**  
Compliance Officer