

FIRST PHILIPPINE HOLDINGS CORPORATION MANUAL FOR CORPORATE GOVERNANCE

1. Objective

This Manual for Corporate Governance (the “Manual”) shall supplement and complement First Philippine Holdings Corporation’s (“FPH”) Articles of Incorporation and By-Laws. It shall institutionalize the principles of good corporate governance. FPH’s charters, governance policies and related issuances shall form part and parcel of this Manual.

Corporate Governance is defined as the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders. Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior - 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.

The Board of Directors and Management, employees and Shareholders believe that good corporate governance is a necessary component of what constitutes sound strategic business management to improve the economic prosperity of the Corporation and enhance long-term shareholder value.

The Board shall have the principal responsibility of ensuring the Corporation’s compliance with the principles of good corporate governance and provide an independent check on Management. It shall exercise all corporate powers and manage the business and property of the Corporation in accordance with good corporate governance.

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

2. Corporate Code of Conduct; Business Mission; Credo; FPH Commitments

The Board of Directors, Management and employees adhere to and confirm their continuing adherence to the principles as embodied in the Corporate Code of Conduct and Ethics, Business Mission, Credo, and the FPH Commitments which are made part of this Manual (Annex A hereof).

3. Compliance Officer

3.1. *Appointment.* The Board of Directors shall appoint a Compliance Officer for Corporate Governance who shall directly report to the Chairman of the Board. This is subject to the review

function of the Corporate Governance Committee. If a corporate officer, his rank should at least be that of a Senior Vice President (SVP) or its equivalent in terms of stature or authority. If not a corporate officer, he should have sufficient stature and experience equivalent to that of an SVP. The Compliance Officer should not be a member of the Board. In the absence of such appointment, the Corporate Secretary or Assistant Corporate Secretary, preferably a lawyer, shall act as Compliance Officer on an interim basis until the formal appointment of a regular Compliance Officer.

3.2. *Duties and Responsibilities.* The Compliance Officer shall have the following duties and responsibilities:

- a. Establish an evaluation system to determine and measure compliance with this Manual. Monitor compliance with the provisions and requirements of this Manual;
- b. Prepare a director's kit which shall be furnished each director upon election. The director's kit shall contain among other things, copies of this Manual, the Corporation's Articles of Incorporation and By-Laws and the Corporate Code of Conduct;
- c. Submit a report to the Chairman on or before January 30th of the year, or at such time as he may be required, on the extent of the Corporation's compliance with this Manual for the completed year particularly if there has been any deviation and the reason therefor;
- d. Identify, monitor and control compliance with corporate governance matters, including the implementation of the Corporation's Trading Policy or its equivalent;
- e. Recommend to the Board the review of the provisions of this Manual;
- f. Appear before the Securities and Exchange Commission ("SEC") when summoned in relation to compliance with the Manual;
- g. Annually attend a training on corporate governance;
- h. Ensure proper onboarding of new directors;
- i. Monitor, review, evaluate and ensure the compliance by the Corporation, its officers and directors with the relevant laws, this Manual, rules and regulations and all governance issuances of regulatory agencies;
- j. Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
- k. Ensure the integrity and accuracy of all documentary submissions to regulators;
- l. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;

- m. Identify possible areas of compliance issues and work towards the resolution of the same;
- n. Ensure the attendance of board members and key officers to relevant trainings; and
- o. Perform such other duties and responsibilities as may be provided by the SEC.

3.3. Determination and Action. The Compliance Officer shall determine non-compliance with this Manual and recommend to the Chairman of the Board the appropriate action for any violation. The decision of the Chairman shall be subject to review and approval of the Board.

The Corporation undertakes to require all directors to attend a seminar on corporate governance conducted by a duly recognized private or government institute before assuming office or as soon as practicable.

3.4 Assistant Compliance Officer. In the absence or unavailability of the Compliance Officer, the Corporation may have one or more Assistant Compliance Officer(s) who shall perform the duties provided herein. They shall likewise be tasked to assist the Compliance Officer.

4. Board of Directors

The Board of Directors (the “Board”) is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. Management may, however, issue such policies and regulations to further implement governance and this Manual.

The applicable provisions of this Manual shall serve as the Charter of the Board, in the absence of a separate charter.

4.1 Composition.

The Board shall be composed of the number of directors as provided in the Articles of Incorporation and By-Laws which shall be at least five (5) and not more than fifteen (15). The Corporation should endeavor to have directors whose collective working knowledge experience or expertise is relevant to the Corporation’s current activities and holdings.

As a publicly listed corporation, the Corporation shall endeavor to have at least three (3) independent directors or such independent directors as shall constitute at least one third of the members of the Board, whichever is higher to the extent practicable.

The Corporation’s Board may be composed of a majority of non-executive directors to the extent practicable. The non-executive directors should possess the necessary qualifications and stature to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances. As much as possible, they should concurrently

serve as directors up to only a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Corporation. Exceptions may be granted only in meritorious cases such as due to the concerned director's exceptional experience, stature and his ability to accommodate the additional demands that may be made on his time and abilities due to the multiple appointments.

The non-executive directors, if they find it necessary and to the extent practicable, should have separating meetings without any executive director present to ensure that proper checks and balance are in place within the Corporation. They shall endeavor to have separate periodic meetings with the external auditors and heads of the internal audit, compliance and risk functions. The meetings should be chaired by the lead independent director, if one is appointed, or by the director so chosen by the non-executive directors.

In addition, the Corporation should endeavor to have a Board that has diversity in terms of gender, age, ethnicity, culture, skills, competence and knowledge.

4.2. General Duties and Responsibilities of the Board of Directors.

It shall be the Board's duty and responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its corporate objectives, fiduciary responsibility, which it shall exercise in the best interest of the Corporation, and in proper cases, its shareholders as a body ("Shareholders") and other stakeholders. To ensure a high standard of best practice for the Corporation, its Shareholders and other stakeholders, the Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. It is duty-bound to apply high ethical standards, taking into account the interests of all stakeholders. To ensure good corporate governance, the Board shall institute adequate internal control mechanisms and exert its best efforts to ensure best practices, keeping in mind its objective of steering the Corporation towards sustained profitability.

The Board shall act on a fully informed basis and shall exercise care, skill, judgment, good faith and due diligence in the conduct and management of the business of the Corporation within the scope and authority provided in the Corporation's Articles of Incorporation, By-Laws, policies and applicable laws and regulations. It shall, at all times, act in the best interest of the Corporation. The Board shall also take into account the interest and welfare of the Shareholders and other stakeholders. The Board should identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability. The Board should also establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. The Board should adopt a transparent framework and process that allows stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights.

The Board may delegate its duties and/or responsibilities to a Committee or Management.

4.3. *Specific Duties and Responsibilities of the Board.* The Board has the following specific duties and functions to implement the corporate governance principles:

- a. Determine and oversee the development of the Corporation's purpose and values, its vision and mission, objectives and the strategies to achieve its purpose and to implement and monitor implementation of the foregoing in order to ensure that the Corporation survives and thrives;
- b. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
- c. Ensure that adequate procedures, systems and practices that protect the Corporation's assets and reputation are in place and are maintained. In cases of mergers and/or acquisitions, including the acquisition or disposal of assets, the Board shall ensure an independent party is appointed, if still needed and to the extent practicable, to evaluate the fairness of the transaction price;
- d. Be guided by all relevant laws, regulations and codes of best practices;
- e. Monitor the effectiveness of management policies and decisions;
- f. Establish a process for the selection of qualified and competent directors and corporate officers and ensure that such directors and corporate officers remain qualified and competent for their positions individually and collectively throughout their terms to enable the Board to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction;
- g. Ensure that the Corporation communicates with Shareholders and other stakeholders effectively by providing the Shareholders and other stakeholders relevant and timely information, including periodic reports and an annual report of its performance as well as its prospects through publicly available reports submitted to the regulatory authorities;
- h. Establish and maintain an investor relations program that will keep the Shareholders informed of important developments in the Corporation;
- i. Adopt a system of checks and balances within the Board and/or its Committees. A review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times;
- j. Identify key risk areas and performance indicators and monitor these factors to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;

- k. The Board may create such offices as may be deemed necessary to carry out the provisions of this Manual;
- l. Identify the Corporation's stakeholders in the community in which the Corporation operates or are affected by its operations and formulate a relevant communications policy affecting them;
- m. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- n. As may be deemed proper by the Board, establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its Shareholders, and the Corporation and third parties, including the regulatory authorities;
- o. Appoint a Compliance Officer and Assistant Compliance Officer(s);
- p. Establish a process to ensure that the composition of the Board has an appropriate mix of competence and expertise;
- q. Review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans;
- r. Set performance objectives, monitor implementation and corporate performance and oversee major capital expenditures, acquisitions and divestitures;
- s. Approve the selection and assess performance of Management;
- t. Ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position;
- u. Make sure that the internal controls are in place to ensure the Corporation's compliance with the Code of Business Conduct and Ethics (or its equivalent) and its internal policies and procedures;
- v. Adopt an effective succession planning program for directors, key officers and Management to ensure growth and a continued increase in the Shareholders' value and adopt a policy on the retirement age for directors and key officers as part of Management succession and to promote dynamism in the Corporation, subject to exceptions as deemed necessary by the Corporation, such as expertise, abilities or stature that the Corporation needs;

- w. Align the remuneration of key officers and Board members with the long-term interests of the Corporation;
- x. Have 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;
- y. Establish an effective performance management framework that will ensure that the Management and personnel's performance is at par with the standards set by the Board and Senior Management;
- z. Approve the Internal Audit Charter;
- aa. Oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks;
- bb. Encourage active shareholder participation by sending the notice of annual and special Shareholders' meeting with sufficient and relevant information to allow for sufficient time to consider the agenda and matters to be voted upon, to the extent practicable;
- cc. Encourage active shareholder participation by making the result of the votes taken during the most recent annual or special Shareholders' meeting publicly available the next working day, to the extent practicable. In addition, the minutes of the annual and special Shareholders' meeting should be available on the company website within five (5) business days from the end of the meeting or as soon as possible thereafter;
- dd. Make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner;
- ee. Appoint an Investor Relations Officer (IRO) to ensure constant engagement with its shareholders and who shall be present at every shareholders' meeting, as much as practicable;
- ff. Establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance;
- gg. Make a stand against corrupt practices by adopting an anti-corruption policy and program in its Corporate Code of Conduct; and
- hh. 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, Management representative or a unit created to handle whistleblowing concerns.

4.4 *Internal Control Responsibilities of the Board*

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with laws, rules, regulations and contracts.

- a. The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:
 - i. definition of the duties and responsibilities of the Chief Executive Officer ("CEO") who is ultimately accountable for the Corporation's organizational and operational controls;
 - ii. selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
 - iii. evaluation of proposed senior Management appointments;
 - iv. selection and appointment of qualified and competent senior Management officers; and
 - v. review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees and Management succession plan.
- b. The Corporation may establish an internal audit system that can reasonably assure the Board, Management and Shareholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing or such other applicable standard.

4.5. *Board Meetings*

As much as possible, the Board holds monthly regular meetings and may convene for special meetings as may be required by business exigencies. Directors shall attend such meetings, either in person or via teleconference or videoconference or by any other technological means as may be allowed by law, except when a justifiable reason prevents his attendance.

In any meeting of the Board, an independent director shall always be in attendance. However, the absence of an independent director may not affect the quorum requirement if he is duly notified of the meeting but fails to attend the meeting notwithstanding such notice.

To monitor the directors' compliance with the attendance requirements, the Corporation shall submit to the SEC, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings or subject to what may be otherwise be required by applicable law, rule or regulation. The certification may be submitted through SEC Form 17-C or in a separate filing.

4.6. Duties and Responsibilities of a Director

4.6.1. General Responsibility

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

A director should observe the following norms of conduct:

- a. Conduct fair business transactions with the Corporation, i.e. at arm's length basis, and ensure that his personal interest does not conflict with the interest of the Corporation;
- b. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities;

A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work;

- c. Act judiciously

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

- d. Exercise independent judgment

A director should view each problem or situation objectively.

- e. Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of

relevant statutory agencies;

A director should keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

- f. Observe confidentiality

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director.

- g. Commit to be present at meetings of the Board

A director should attend and actively participate in all meetings of the Board and the Board Committees, and Shareholders, except when justifiable causes, such as, without limitation, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

- h. If he has material interest in any transaction affecting the Corporation, he should abstain from taking part in the deliberations for the same.

4.6.2. Specific Duties and Functions

To insure a high standard of corporate governance for the Corporation and, ultimately, its Shareholders, the Board shall:

- a. Install a process of selection to ensure a proper mix of competent directors and officers;
- b. Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives;
- c. Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- d. Identify the Corporation's various stakeholders;
- e. Adopt a system of internal checks and balances;
- f. Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- g. Properly discharge Board functions by meeting regularly. The exchange of independent views shall be encouraged and shall be given due consideration and

all such meetings shall be duly minuted;

- i. Disclose their transactions concerning shares of stock of the Corporation in the manner provided by law or regulation;
- j. State its review and approval of the financial statements of the Corporation;
- k. Have sufficient knowledge of requirements relative to the Corporation such as statutory and regulatory requirements, its Articles of Incorporation, By-Laws, and other laws, rules and regulations relevant to the business of the Corporation; and
- l. Ensure that there is a clear, comprehensive and informative report of the Corporation's financial performance, business operations, competitive position, operating, risks and market share, among other things.

4.7. Multiple Board Seats

A director should exercise sound judgment in accepting other directorships outside the Corporation. He may accept directorships outside the Corporation which, in his opinion, do not hinder him from his obligation to diligently perform his duties and functions in the Corporation. This policy does not cover directorships in the Corporation's subsidiaries and affiliates as well as subsidiaries and affiliates of such companies. In all instances, a director should notify the Board before accepting a directorship in another company.

The Board may, in its discretion, provide a maximum number of directorships in publicly listed companies that a director may have.

4.8 Board Ethics

The Board should adopt a Code of Business Conduct and Ethics or its equivalent, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, Senior Management and employees. It should also be disclosed and made available to the public through the company website.

The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and its internal policies and procedures.

5. Per Diem

Consistent with the By-Laws and by resolution of the Board, each director shall receive a reasonable per diem for his attendance at each meeting of the Board of Directors, or of the Executive Committee or of other Committees created by the Board.

6. Board Committees

The Board may create such committees as it may deem necessary and beneficial to the internal regulation of the Corporation in accordance with the By-Laws as well as in accordance with good corporate governance. To ensure compliance with sound corporate governance, the Board shall constitute the following Committees with the following principal duties and responsibilities. Further to the following, the Committees may adopt their own respective rules of procedure as may be deemed necessary.

6.1 Executive Committee

The Board may create, and from time to time, prescribe the number and classification of membership in, as well as the formalities and procedures for holding the meeting of an Executive Committee. During the intervals between the meetings of the Board, the Executive Committee shall possess and may exercise all the powers of the Board in the management and direction of the affairs of the Corporation in all cases in which specific direction shall not have been given by the Board.

All actions taken by the Executive Committee shall be reported to the Board during the immediately succeeding meeting following 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. Regular minutes of the proceedings of the Executive Committee shall be kept in a book provided for the purpose. Vacancies in the Executive Committee shall be filled by a majority vote of the Board. A majority of the Committee shall be necessary to constitute a quorum, and in every case the affirmative vote of a majority of the members shall be necessary for the passage of any resolution.

6.2 Corporate Governance Committee

6.2.1. Composition of Committee. The Board shall create a Corporate Governance Committee to be composed of at least three (3) members, all of whom are independent directors, to the extent possible and practicable. The Chairman of the Board shall designate the Chairman of the Committee.

The Committee shall ensure that, through a managed and effective system consistent with the By-laws, the Corporation adheres to the set standards for governance, that those appointed as Corporate Officers have the requisite qualifications and that Board elections are made that provide a mix of proficient directors, each of whom is able to add value and bring prudent judgment to bear on the decision making process.

6.2.2 Duties and Responsibilities. The Corporate Governance Committee shall have the following powers and functions:

- a. Assist the Board in the performance of its corporate governance responsibilities;

- b. Ensure compliance with and proper observance of corporate governance principles and practices;
- c. Oversee the implementation of the corporate governance framework and periodically review 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;
- d. 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;
- e. 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;
- f. Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- g. Propose and plan relevant trainings for the members of the Board;
- h. Determine the nomination and election process for the Corporation's directors;
- i. Define the general profile of Board members that the Corporation may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
- j. Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates.

6.2.3 Other functions. The Corporate Governance Committee shall also have the following functions:

- a. Nominate directors and pass upon the qualifications of Directors, Board Committee Members, Corporate Officers;
- b. Review and/or recommend changes in the election and/or replacement of directors;
- c. Make recommendations to the Board on the organization and procedures for evaluating the performance of the Board and Board Committees;
- d. Review the structure, size and composition of the Board and make recommendations to ensure that the Board has the required number of independent directors;

- e. Screen individuals nominated for election as directors to ensure that such nominees possess all the qualifications and none of the disqualifications as may be provided by law, rules and/or regulations;
- f. Ensure that the Corporation has at least three (3) independent directors or such number of independent directors which constitute at least one third of the members of the Board whichever is higher, or as otherwise required by law, rules and/or regulations, and to the extent practicable;
- h. Review the recommendations of the Compliance Officer with regard to the requirements and/or violations of the Manual for Corporate Governance and other corporate governance rules and endorse the same to the Board for its review and/or approval;
- i. Review, as may be necessary, the Charters of all the Board Committees and recommend any changes to the Board for the latter's approval;
- j. Promulgate its rules or procedures with respect to qualification and disqualification of directors, whether permanent or temporary, including suspensions and
- k. Review and monitor the corporate governance trainings of members of the Board and Senior Management in line with the Corporation's continuing education and training program for directors and Management.

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

- a. Holder of at least one (1) share of stock of the Corporation;
- b. Personal integrity, capacity to read and understand financial statements, absence of conflict of interest with the Corporation (subject to the discretion of the Board), time availability and motivation.

6.2.5. Qualifications of an Independent Director

- a. An independent director shall mean a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having a relationship with the Corporation that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. An independent director shall submit to the Corporate Secretary a confirmation that he holds no interests with the Corporation extending beyond a qualifying share within a reasonable time after his election and/or re-election as an independent director.
- b. An independent director is a person who, apart from his fees and shareholdings, is independent of Management and 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 in the Corporation.

- c. An independent director possesses the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

An independent director refers to a person who, ideally:

- i. is not a director or officer or substantial stockholder of the Corporation or of its related companies or any of its substantial Shareholders (other than as an independent director of any of the foregoing);
- ii. is not a relative of any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial Shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- iii. is not acting as a nominee or representative of a substantial shareholder of the Corporation, any of its related companies or any of its substantial Shareholders;
- iv. has not been employed in any executive capacity by the Corporation, any of its related companies or by any of its substantial Shareholders within the last five (5) years;
- v. is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election;
- vi. 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;
- vii. is one who ceased to be a regular director in the preceding two (2) years prior to qualification as an independent director;
- viii. has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman Emeritus, Ex-Officio Director/Officer or Member of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election; 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;
- ix. is not, and has not been in the three (3) years immediately preceding the election, a

director of the Corporation; a director, officer, employee of the Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation's substantial Shareholders and its related companies;

- x. is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;
- xi. 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;
- xii. 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
- xiii. is not employed as an executive officer of another company where any of the Corporation's executives serve as directors.

When used in relation to a corporation subject to the requirements above:

- i. Related corporation means another corporation which is: (a) its holding or parent corporation, (b) its subsidiary, or (c) a subsidiary of its holding or parent corporation; and
- ii. Substantial Shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

An independent director shall have the following qualifications:

- i. He shall have at least one (1) share of stock of the Corporation;
- ii. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Corporation for at least five (5) years;
- iii. He shall possess integrity/probity;
- iv. He shall be assiduous;
- v. He shall act judiciously and use independent judgment; and
- vi. He shall not be serving as director of five other publicly listed companies, subject to the other provisions of this Manual.

Each independent director should serve for a maximum of nine (9) years in accordance with applicable laws, rules and regulations. After such period, the independent director should be perpetually barred from re-election as such in the same corporation, but may continue to qualify for nomination and election as a non-independent director. In the instance that a

corporation wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek Shareholders' approval during the annual Shareholders' meeting.

d. An independent director shall be disqualified as such during his tenure under the following instances or causes:

- i. He becomes an officer or employee of the Corporation, or becomes any of the persons enumerated under 6.2.4 hereof; and
 - ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Corporation where he is such director;
- e. Nomination and Election of Independent Director/s
- i. The Corporate Governance Committee shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be disclosed in the Corporation's information or proxy statement or such other reports required to be submitted to the SEC.
 - ii. Nomination of independent director/s shall be conducted by the Corporate Governance Committee and to be passed upon by the Board prior to the Shareholders' meeting. As far as practicable, all recommendations shall be signed by the nominating Shareholders together with the acceptance and conformity by the would-be nominees as needed.
 - iii. It shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.
 - iv. After the nomination, the Corporate Governance Committee shall prepare a Final List of Candidates which shall contain information about all the nominees for independent directors, as required under the law and regulations, which list, shall be made available to the SEC and to all Shareholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with law or regulations, or in such other reports the Corporation is required to submit to the SEC. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.
 - v. Subject to applicable law, rule or regulation, only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual Shareholders' meeting.

e. The Board may designate a lead director among the independent directors if the Chairman of the Board is not considered independent or in an instance where the

positions of the Chairman of the Board and Chief Executive Officer are held by one person.

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

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

6.2.6. Disqualifications of a Director

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

- a. Finding by final and executory judgment by the SEC or a court or other administrative body of competent jurisdiction of a willful serious violation, or willful aiding, abetting, counseling, inducing, or procuring of the serious violation of, any material provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or the Bangko Sentral ng Pilipinas, or material any rule, regulation or order of the SEC or the Bangko Sentral ng Pilipinas;
- b. Judicial declaration of insolvency;
- c. Finding by final judgment by a foreign court or equivalent regulatory authority with competent jurisdiction of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;
- d. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment;
- e. Disqualification under Art II, Sec 3 of the By-laws;
- f. 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;
- g. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a

final judgment or order of the SEC 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.

The disqualification shall also apply if such person is currently the subject of an order of the SEC 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 the Bangko Sentral ng Pilipinas, or under any rule or regulation issued by the SEC or the Bangko Sentral ng Pilipinas, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization; or

- h. Any person convicted by final judgment or order by a court of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.

Any of the following may be a ground for the temporary disqualification or dismissal for cause of a director:

- a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- b. Absence or non-participation for unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency or any twelve-(12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- c. Dismissal or termination for cause from directorship in another listed corporation. This disqualification shall be in effect until he has cleared himself of any involvement or culpability in the alleged irregularity; or
- d. Conviction that has not yet become final as referred to in the grounds for the disqualification of directors.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification may become permanent. The Board shall have the final decision to determine the qualification or disqualification of a director.

6.3 Compensation and Remuneration Committee

6.3.1. Policy. The Board shall promote a culture that supports enterprise and innovation, with appropriate short-term and long-term performance-related rewards that are fair and achievable in motivating Management and employees to be effective and productive. It is imperative that the Board seeks to drive the business enterprise proficiently through the proper and considered decision-making processes and recognizes entrepreneurial endeavor amongst its Management without contravening laws and regulations.

In matters of compensation and remuneration, the Board shall set a remuneration policy that creates a reward system to recruit, retain and motivate high quality executives and employees.

6.3.2. Composition. The Compensation and Remuneration Committee (“CRC”) shall be composed of at least three (3) members, namely: (a) the Chairman of the Committee and (b) two (2) directors, one of whom shall be an independent director, or such other number as may be prescribed by the Board. The CRC shall have powers and functions over the compensation and remuneration of the corporate officers other than the Chairman. The CRC should establish a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation’s culture, strategy and the business environment in which it operates.

The Chairman of the Board’s compensation and remuneration may be reviewed and set by a Committee composed of the Vice-Chairman and two directors, one of whom shall be an independent director.

The CRC may call on the officers of the Corporation to assist them in their functions.

6.3.3. Duties and Responsibilities. The CRC shall be in charge of studying and recommending an appropriate rewards system. It shall also:

- a. review and recommend to the Board the Corporation’s compensation system, policies and guidelines and oversee the development and implementation of compensation and incentives program;
- b. regularly review the existing salary structure of the President and Senior Management; and
- c. perform other tasks or duties as may be requested or delegated by the Board.

6.4 Audit Committee

6.4.1. Composition. The Board shall create an Audit Committee composed of at least three (3) appropriately qualified non-executive directors, the majority of whom should be independent, to the extent possible and practicable. They should preferably have accounting, audit, finance or legal backgrounds. As much as possible, the Chairman of the Audit Committee shall be an

independent director. The Chairman of the Board shall designate the Chairman of the Audit Committee.

Each member of the Audit Committee shall have adequate understanding, at least, of the Corporation's financial management systems and environment.

6.4.2. *Duties and Responsibilities.* The Audit Committee shall have the following powers and functions:

- a. Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
- b. Review with Management annually, or as necessary, the corporate performance in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
- c. Pre-approve all audit plans, scope and frequency in connection with the conduct of external audit;
- d. Perform interface functions with the internal and external auditors;
- e. Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following, as applicable:
 - i. A definitive timetable within which the accounting system of the Corporation will be International Accounting Standard (IAS) compliant.
 - ii. An accountability statement that will identify officers and/or personnel responsible for the accomplishment of such task.
- f. Ensure that a transparent financial management controls system that aims to ensure the integrity of the said system is in place;
- g. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;
- h. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation;
- i. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation;
- j. Prior to the commencement of the audit, discuss with the external auditor the nature,

scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

- k. Monitor and evaluate the effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- l. Review the reports submitted by the internal and external auditors;
- m. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - i. any change/s in accounting policies and practices;
 - ii. major judgmental areas;
 - iii. significant adjustments resulting from the audit;
 - iv. going concern assumptions;
 - v. compliance with accounting standards; and
 - vi. compliance with tax, legal and regulatory requirements;
- n. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities;

The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties;

- o. Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- p. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- q. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- r. 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 oversees the implementation of the IA Charter;
- s. Through the Internal Audit Department or unit, 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. Put in place well-designed internal control procedures and processes that will provide a system of checks and balances in order to (a) safeguard the Corporation's resources and ensure their effective utilization; (b) prevent occurrence of fraud and other irregularities; (c) protect the accuracy and reliability of the

- Corporation's financial data; and (d) ensure compliance with applicable laws and regulations;
- t. Oversee the Internal Audit Department and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive or its equivalent;
 - u. Approve the terms and conditions for outsourcing internal audit services;
 - v. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
 - w. 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;
 - x. 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 Corporation's overall consultancy expenses. The Audit Committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence;
 - y. Review the disposition of the recommendations in the External Auditor's management letter and
 - z. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

The Audit Committee shall endeavor to have an Audit Committee Charter which should 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.

The Audit Committee shall have a robust process for approving and recommending the appointing, reappointment, removal, and fees of the External Auditor. The appointment, reappointment, removal, and fees of the External Auditor may be recommended by the Audit Committee, approved by the Board and ratified by the shareholders, if deemed necessary upon the recommendation of Management. 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.

The Audit Committee may request information, data and clarification from the officers of the Corporation in connection with their duties and responsibilities.

6.5 Finance and Investment Committee

6.5.1. Composition. The Board shall create a Finance and Investment Committee composed of at least three (3) members of the Board. The Chairman of the Board shall designate the Chairman of the Committee.

6.5.2. Duties and Responsibilities. The Finance and Investment Committee shall have the following powers and functions:

- a. Review and/or recommend short and long term investment objectives, policies, strategies and performance and any change thereto;
- b. Review and/or recommend the major fund-raising (through equity or debt or both) policies, activities or strategies of the Corporation;
- c. Review and recommend major capital expenditures, investment opportunities or divestment; and
- d. Perform such duties or functions and/or assume such responsibilities as may be delegated by the Board.

6.6 Board Risk Oversight Committee

6.6.1. Composition. The Board shall create a Board Risk Oversight Committee (“BROC”) composed of at least three (3) members of the Board, a majority of whom may be independent directors, including the Chairman, to the extent possible and practicable. The Chairman of the Board shall designate the Chairman of the Committee. The Chairman should not be the Chairman of the Board or of any other committee. As much as possible, at least one member of the committee must have relevant knowledge and experience on risk and risk management.

6.6.2. Duties and Responsibilities. The BROC shall have the following powers and functions:

- a. Assist the Board in ensuring that there is an effective and integrated risk management process in place;
- b. 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;

- c. Oversee the implementation of the enterprise risk management plan;
- d. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness;
- e. Advise the Board on its risk appetite levels and risk tolerance limits;
- f. Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;
- g. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence;
- h. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation; and
- i. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks and recommend further action or plans, as necessary.

6.7 *Related Party Transaction Committee*

6.7.1. *Composition.* The Board may create a Related Party Transaction ("RPT") Committee composed of at least three (3) non-executive directors, two of whom should be independent, including the Chairman, should it be deemed necessary and as recommended by Management. In the alternative, the Related Party Transaction Committee's powers and functions, in whole or in part, may be assumed by the Audit Committee, or any other Committee or body authorized by the Board.

6.7.2. *Duties and Responsibilities.* Once constituted, the RPT Committee shall have the following powers and functions, subject to the relevant limits and thresholds that may be prescribed:

- a. Evaluate and identify all related parties on a continuing basis in relation to RPTs;
- b. Evaluate all material RPTs;
- c. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest;

- d. Report to the Board on a regular basis, if necessary, on the status and aggregate exposures relating to RPTs;
- e. Secure an independent review or audit of RPTs as necessary; and
- f. Oversee the implementation of the system for monitoring RPTs, including a periodic review of RPT policies and procedures.

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

7. Accountability and Audit

The Board is primarily accountable to the Corporation, and as may be applicable, to the Shareholders. It should provide them with a balanced and comprehensible assessment of the Corporation's performance, position and prospects.

Thus, it is essential that Management provide the members of the Board with adequate information that would enable the Board to comply with its responsibilities to the Shareholders.

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

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

8. Self-Assessment

The Board of Directors shall endeavor to conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the Corporation may seek the services of an external facilitator with respect to the assessment. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

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

9. Corporate Officers

9.1. *In General.* The Board shall appoint the corporate officers such as the Chairman, Vice-Chairman, Chief Executive Officer, Chief Operating Officer, President, Vice-Presidents and such other corporate officers as shall from time to time be designated by the Board. The officers shall perform their duties as enjoined by the By-Laws and the Board. In addition, to ensure checks and balance as well as increased accountability and independent decision-making, the corporate officers shall perform their duties in accordance with best practices.

9.2. *Chairman of the Board*

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

- a. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;
- b. Ensure that the agenda of the meetings focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- c. In coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer, Management and the directors, supervise the preparation of the agenda of the meetings;
- d. Assist in ensuring compliance with the Manual;
- e. Maintain lines of communication and information between the Board and Management;
- f. Guarantee that the Board receives accurate, timely, relevant, insightful, concise and

- clear information to enable it to make sound decisions;
- g. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
 - h. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
 - i. Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors;
 - j. Make sure that the performance of the Board is evaluated at least once a year and discussed or followed up on to the extent needed; and
 - k. Exercise such powers as may be conferred on him by the Board.

The roles of the Chairman of the Board and the Chief Executive Officer may be separate. The Corporation shall disclose the relationship between the Chairman and the Chief Executive Officer, if any, in its annual report to the SEC or such other regulatory agency as may be required by law. In the event that the positions of Chairman and Chief Executive Officer are held by one person, the Board may designate a lead independent director in accordance with this Manual.

9.3 The Chief Executive Officer

The Chief Executive Officer (“CEO”) shall be in charge of the general management and administration of the Corporation. The CEO shall provide information of the performance of the Corporation.

The CEO shall have such roles and responsibilities as may be provided for in the By-laws or as assigned by the Chairman or the Board.

If one (1) person occupies the positions of CEO and Chairman, the Corporation will take steps to ensure that proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

9.4 Corporate Secretary; Assistant Corporate Secretary

The Corporate Secretary and the Assistant Corporate Secretary/ies shall be Filipino citizens and residents of the Philippines.

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

The Corporate Secretary shall have the following duties and responsibilities:

- a. Assist the Board in the preparation of the agenda of meetings and the Management in the preparation and gathering of materials to be presented to the Board or the Shareholders;
- b. 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;
- c. Safekeep and preserve the integrity of the minutes of the meetings of the Board and its Committees, as well as other official records of the Corporation;
- d. Keep abreast on relevant laws, regulations, governance issues, relevant industry developments and operations of the Corporation, and advise the Board and the Chairman on all relevant issues as they arise;
- e. 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;
- f. Advise on the establishment of Board Committees and their terms of reference;
- g. Inform members of the Board, in accordance with the By-laws, of the agenda of their meetings at least five (5) working days in advance to the extent practicable, 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;
- h. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him or her from doing so;
- i. Perform required administrative functions;
- j. Oversee the drafting of the By-laws and ensure that they conform with regulatory requirements; and
- k. Perform such other duties and responsibilities as may be provided by the SEC.

The Corporate Secretary or Assistant Corporate Secretary/ies shall attend and take down the minutes of special and regular meetings of the Board and Shareholders.

In addition, he should:

- a. Be loyal to the mission, vision and objectives of the Corporation;

- b. Work fairly and objectively with the Board, Management and Shareholders and other stakeholders;
- c. Have appropriate administrative and interpersonal skills;
- d. If he is not at the same the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- e. Have a working knowledge of the operations of the Corporation;
- f. Ensure that all Board procedures, rules and regulations are followed by the members.
- g. Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings 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; and
- h. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

9.5 Adequate and Timely Information

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

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Corporation's expense.

The Corporation should endeavor to maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. The Corporation should exert efforts to include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

10. External Auditor

An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation. An external auditor shall be selected and appointed by the Shareholders upon recommendation of the Audit Committee. The Corporation should endeavor to 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 reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Corporation's External Auditor's handling partner shall be rotated or changed, every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency or as may be otherwise required by applicable law, rule or regulation.

The External Auditor shall not at the same time provide the services of an internal auditor. The Audit Committee shall ensure that other non-audit work of the External Auditor shall not be in conflict with the functions of the External Auditor.

If the External Auditor believes that the statements made in the Corporation's annual report, information statement, proxy statement or any report filed with the SEC or any regulatory body during his engagement is incorrect or incomplete; then, he shall present his comments or views on the matter in said reports.

The Board, after consultations with the Audit Committee, shall recommend to the Shareholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Corporation and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the Shareholders. The External Auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the External Auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence and the nature of such non-audit work is disclosed, should it be deemed necessary.

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

11. Internal Auditor

The Corporation shall have in place an independent internal audit system which shall be performed or supervised by an Internal Auditor or a group of Internal Auditors, through which its Board, Senior Management, and Shareholders shall be provided with reasonable assurance that key organizational and procedural controls are effective, appropriate, and complied with. The Internal Auditor shall have the following functions, among others:

- a. Facilitate the implementation of the anti-corruption programmes and procedures of the Corporation by recommending guidelines including on assigning of responsibility for the development of controls;
- b. In furtherance of the Corporation's good governance initiatives and in consonance with its anti-corruption programmes and procedures, its Corporate Code of Conduct, its Code of Employee Discipline, the Internal Auditor shall establish and facilitate the implementation of a Whistleblower Policy which identifies who could be whistleblowers, laying down the matters which are reportable thereunder, the procedures for whistleblowing, as well as their rights and responsibilities under the said policy;
- c. 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 (i) promoting the right values and ethics, (ii) ensuring effective performance management and accounting in the organization, (iii) communicating risk and control information and (iv) coordinating the activities and information among the Board, external and internal auditors and Management;
- d. Perform regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;
- e. Perform consulting and advisory services related to governance and control as appropriate for the organization;
- f. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- g. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Corporation;
- h. 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;

- i. Evaluate specific operations at the request of the Board or Management, as appropriate; and
- j. Monitor and evaluate governance processes.

The Internal Auditor shall report to the Audit Committee on the matters specified herein.

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

The Audit Committee, guided by best practices, shall regularly review organizational and procedural controls.

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

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

The Corporation should have a qualified Chief Audit Executive ("CAE"), or its equivalent, appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. The CAE, in order to achieve the necessary independence to fulfill his responsibilities, directly reports functionally to the Audit Committee and administratively to the CEO.

12. Professional Training and Development Program

The Corporation recognizes the need for continuous development across all levels in the organization. It shall adopt a professional training and development program for its employees and officers as well as succession planning for Senior Management and key positions in the Corporation.

13. Related Party Transactions

Management will take into account the interests of the Corporation in all its transactions,

especially in transactions which may involve related parties. The Corporation shall endeavor to disclose its policies governing related party transactions (RPTs) and other unusual or infrequently occurring transactions and shall review and approve material and significant related party transactions. The material or significant RPTs reviewed and approved during the year should be disclosed as appropriate.

14. Confidentiality and Use of Material Inside Information

The directors, officers and key employees of the Corporation shall observe confidentiality of material, inside, non-public information acquired by reason of their office and will not use and/or disclose any information to any other person without the authority of the Board. The directors, officers and key employees of the Corporation shall observe and ensure compliance with the Corporation's Trading Policy.

15. Conflict of Interest

The directors and officers of the Corporation shall always put the interest of the Corporation above personal interest. Except for salaries and other employment benefits, the directors and officers shall not directly or indirectly derive any personal profits or advantage by reason of their positions in the Corporation.

If an actual or potential conflict of interest should arise, it should be fully disclosed and the concerned director should not participate in the decision-making process.

Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the director must account to the latter for all such profits, unless his act has been ratified by a vote of the Shareholders representing two-thirds (2/3) of the outstanding capital stock of the Corporation.

When a director or officer attempts to acquire or acquires, in violation of his duty, any interest adverse to the Corporation in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Corporation and must account for the profits which otherwise would have accrued to the Corporation.

16. Environment; Corporate Sustainability

The Corporation is committed to sustainable development. It shall operate and maintain its business in compliance with the requirements of applicable environmental laws, rules, regulations and generally accepted industry practices. The Corporation is committed to provide services that are responsive to customer needs and comply with environmental, occupational safety and health laws and regulations and other applicable requirements to which the organization subscribes. The Corporation shall conduct its business in a manner that will protect

the environment.

The Corporation is committed to improving people's lives and futures by ensuring that as its businesses grow, the environment, its employees and other stakeholders progress with it. It is constantly working to transform the Philippines in positive and innovative ways through its responsible growth and investments. It resolves to contribute to a low carbon world as it searches for sustainable solutions for the benefit of everyone.

17. Corporate Social Responsibility

The Board of Directors and Management recognize the need for the Corporation to be a good corporate citizen. The Board and Management support the Corporation's initiatives in launching and maintaining civic, charitable, and social projects and undertakings.

The Corporation strives to work with organizations whose objectives and activities are aligned with the commitment to contribute to society's needs for poverty alleviation, health, education and environmental protection. The Corporation ensures that positive impacts are achieved not only to maximize shareholder value, but also to seize more opportunities for the betterment of the Filipino people.

18. Communication Process

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

Individual Board directors may, from time to time, at the request of Management, meet or otherwise communicate with various constituencies that are involved with the Corporation. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board or the director designated as spokesperson for the Corporation.

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

19. Orientation Process; Training

New directors should be familiarized with the Corporation's operations, Senior Management and its business environment and be inducted in terms of their fiduciary duties and responsibilities as well as in respect of the Board's expectations, and the Corporate Code of Conduct. New directors shall likewise be given an orientation on matters and topics mandated by the SEC on corporate governance. If new directors have no board experience, they should receive orientation in their unaccustomed responsibility. Orientation or, in proper cases, subject to the Board's assessment on skills and trainings needed, training opportunities for existing and potential directors should be identified and appropriate development or action undertaken on at least an annual basis. The annual trainings shall serve to ensure that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Corporation.

20. Reportorial or Disclosure System of Corporation's Corporate Governance

The Corporation's corporate governance policies, programs and procedures stated herein should be submitted to the regulators and/or posted on the company website.

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

The Board shall commit to disclose material information and other information required to be presented by statutory and regulatory requirements through the approved stock exchange procedure as well as through annual reports and other reports as may be required by law. "Material information" includes anything that could reasonably be expected to affect the Corporation's viability or an investor's decision in relation to the shares of the Corporation. Such information should include, among others, earnings results, acquisition or disposition of assets, balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and Management.

21. Shareholders' Benefit – Investors' Rights and Protection

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

Shareholders' meetings shall be conducted fairly and in a transparent manner and the Shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws, the exercise of that right shall not be unduly restricted.

It is the duty of the Board to promote the rights of the Shareholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

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

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

The Board recognizes and respects the rights of the Shareholders in respect to the following:

21.1. Right to Information

The Shareholders have the right to receive timely and transparent information about the Corporation. Shareholders shall have the right to be informed of the rules and procedures related to stockholders' meetings as well as decisions concerning fundamental corporate changes.

In relation to the Shareholders' right to information, they are also encouraged to consult each other on issues concerning their basic shareholder rights as defined by the law, the By-Laws and the Manual for Corporate Governance. The Shareholders have the right voice out their views and/or opinions on directors' compensation.

21.2. Voting Rights

The Shareholders shall have the right to vote on all matters that require their consent or approval. In addition to said right, Shareholders are encouraged to participate in regular or special stockholders' meetings, either in person or by proxy.

The Board recognizes that Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts pursuant to the Corporation Code, the Articles of Incorporation and the By-Laws.

Holders of common shares of stock are entitled to one vote for each share held as of the established record date. A Shareholder entitled to vote at the meeting shall have the right to vote in person or by proxy. With respect to the election of directors, in accordance with Section 24 of the Corporation Code of the Philippines, a Shareholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected. Additionally, a Shareholder may write to the Corporate Governance Committee should he have recommendations and/or nominations for board directorship, based on a list of qualified fellows from institutions engaged in professionalizing boards of directors.

Non-controlling shareholders are provided with a right to nominate candidates for the board of directors. However, holders of preferred shares shall have no voting rights, except in those cases specifically provided by law or as may be allowed in the By-laws.

21.3. Appraisal Rights

Pursuant to the Corporation Code, Shareholders may exercise their appraisal rights under the manner provided in Section 82 of the Corporation Code in the following instances:

- a. In case of any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
- c. In case of increase of Authorized Capital Stock of the Corporation; or
- d. In case of merger or consolidation.

21.4. Right to Dividends; Dividend Policy

Shareholders shall have the right to receive dividends as may be determined by the Board in accordance with the Corporation's By-Laws and relevant agreements including subscription agreements.

Subject to the Articles of Incorporation, Corporation Code, the Securities Regulation Code and its Implementing Rules and Regulations, Shareholders whose shares may have fixed dividend features shall have the right to receive dividends on such shares. In other cases, the Board shall determine, subject to any corporate expansion plans, loan covenants or such other special circumstances, among other things, and the availability of unrestricted retained earnings, whether or not to declare dividends.

21.5. Right of Inspection

Shareholders are allowed to inspect corporate books and records at reasonable hours during business days in accordance with Section 74 of the Corporation Code.

21.6. Pre-emptive Rights

Shareholders may have the pre-emptive right to all stock issuances of the Corporation subject to the provisions of the Articles, By-laws, and relevant agreements.

22. Disclosure and Transparency

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

It is therefore essential that all material information about the Corporation which could adversely affect its viability or the interests of the Shareholders and other stakeholders as a whole should be publicly and timely disclosed. Such material information should include, among other things, earnings results, acquisition or disposition of significant assets which could adversely affect the viability or the interest of its Shareholders and stakeholders, material off balance sheet transactions, related party transactions, and remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its Shareholders and other stakeholders. The Board shall also 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.

The Board shall endeavor to 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 the Corporation's financial condition, results and business operations.

The Board should endeavor to have a policy requiring all directors and officers to disclose/report to the Corporation any dealings in the Corporation's shares within three (3) business days.

The Corporation should endeavor to 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 or any equivalent requirement. To the extent legally required and taking into account security as well as safety considerations, the Corporation may disclose the remuneration of directors and executives on a collective or individual basis, subject to applicable law, rule or regulation.

The Corporation should ensure that the material and reportable non-financial and sustainability issues are disclosed. The Board should have a clear and focused policy on the disclosure of non-financial information, which may underpin sustainability. The Corporation should endeavor to adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

23. Risk Management Function

The Corporation should have a separate risk management function to identify, assess and monitor key risk exposures.

The Corporation should endeavor to 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 responsibilities.

The CRO has the following functions, among others:

- a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;

- c. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d. Suggests ERM policies and related guidance, as may be needed; and
- e. Provides insights on the following:
 - i) Risk management processes are performing as intended;
 - ii) Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - iii) Established risk policies and procedures are being complied with.

There should be clear communications between the Board Risk Oversight Committee and the CRO.

24. Internal Control System and Enterprise Risk Management

The Corporation should endeavor to have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business to help sustain safe and sound operations as well as implement management policies to attain corporate goals.

25. Monitoring and Assessment

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

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

26. Sanctions for Non-Compliance with the Manual

To strictly observe and implement the provisions of this Manual, the Board may impose the appropriate sanctions or corrective actions, after notice and hearing, on the individual directors, officers, and employees. The sanction may include censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation.

The commission of a grave violation of this Manual by any member of the Board shall be a sufficient cause for removal from directorship.

27. Effectivity

This Manual shall become effective as of May 31, 2017 subject to applicable laws, rules and regulations.

Signed:



FEDERICO R. LOPEZ
Chairman of the Board and Chief Executive Officer



VICTOR EMMANUEL B. SANTOS, JR.
Senior Vice President and Compliance Officer

ANNEX A
(Manual for Corporate Governance-
First Philippine Holdings Corporation)

**FIRST PHILIPPINE HOLDINGS
CORPORATE CODE OF CONDUCT AND ETHICS**

First Philippine Holdings Corporation (the “Corporation”) is a publicly-held holding company with diversified interests in power generation, real estate development, manufacturing, construction services, and others.

OUR COMMITMENTS

Our basic purpose is to create new wealth for our stakeholders in a manner consistent with national socio-economic development.

We adhere to the values and principles instilled in us by our founder, namely: nationalism, integrity, entrepreneurship and innovation, teamwork and a strong work ethic.

We recognize that our businesses provide basic goods and services to the country. We remain committed to provide quality and timeliness in the delivery of our products and services consistent with the profitable growth of the Corporation.

In promoting the interests of our stakeholders, we are committed to good corporate governance.

In dealing with its stakeholders, we are guided by the Employee Code of Discipline in relation to our employees, and we honor the contracts entered into in relation to our joint venture and business partners, our creditors and our suppliers. We value our human resources and commit to support their development and welfare.

Subject to the relevant policies which shall be deemed part of this Code, we affirm the commitment of all directors, officers and employees towards required confidentiality, the integrity of corporate assets, the avoidance of any conflict of interest and the prohibitions against insider trading, bribery and corruption.

Accordingly, we hereby promulgate this Code to set the principles and guidelines in the conduct of our business and in dealing with our stakeholders.

OUR PUBLICS

Shareholders

We strive to give competitive returns on the investment of our shareholders while exercising prudence in our decisions and in the use of our assets and resources.

Customers

We recognize that our businesses provide basic goods and services to the country. Customer satisfaction is a paramount concern.

Joint Venture Partners

We form strategic alliances with local and foreign parties in the pursuit of the Corporation's corporate objectives to enhance our competitive advantage.

We continue to abide by our governing covenants defining our business relationship with our joint venture partners under a regime of mutual trust, fairness, professionalism and good faith.

Suppliers and Service Providers

We value our suppliers of goods and services as partners in the pursuit of our businesses. We shall deal with them fairly, with transparency, act in good faith and with total professionalism.

Government

We recognize the authority of the government and the supremacy of the law. We abide by its rules, orders and decisions while keeping our right to invoke any and all legal entitlements and administrative, judicial or other remedies and to advocate for change and reform when appropriate. We adhere to good governance and public accountability policies of the government. And we have likewise adopted and implemented anti-corruption programmes and procedures.

Creditors

We treat our creditors as partners. We foster relationships with them based on mutual trust, good faith and professionalism.

EMPLOYEES

Our employees are our most important resource. We are committed to fostering a work environment in which employees are treated with respect and dignity.

We strive to provide our employees opportunities for professional advancement, care for their professional needs and the enhancement of the quality of life of their families. We commit to find effective ways to foster professionalism, teamwork and employee participation to attain higher levels of productivity and quality.

We hire employees based on merit, qualifications, competencies, and potential. We motivate and train our employees to achieve the highest level of efficiency and competence.

We impress upon our employees our responsibility as good corporate citizens and members of society.

CORPORATE SOCIAL RESPONSIBILITY

We shall pursue civic, charitable, and social projects and undertakings.

We remain partners with non-governmental organizations whose objectives and activities are aligned with our Corporation's goals and commitment to contribute to society's needs for poverty alleviation, health, education and environmental protection.

We operate and maintain our businesses consistent with sustainable development and generally accepted industry practices.

IMPLEMENTATION

The directors, officers, and employees are all tasked to observe and implement this Code. The Corporation may designate a particular officer to implement and monitor compliance thereto.

APPLICABILITY

This Code covers all directors, employees, consultants, product and service providers and any and all persons who act for and in behalf of the Corporation.

**FIRST PHILIPPINE HOLDINGS CORPORATION
BUSINESS MISSION**

Our basic purpose is to create new wealth for our stakeholders.

Our business will focus on vital needs for national development in the areas of energy, infrastructure, manufacturing and supporting industries.

In pursuing our objective, we will be guided by the following fundamental and imperishable values and principle: nationalism, entrepreneurship and innovation, teamwork, a strong work ethic and corporate social responsibility.

CREDO

We believe in the Filipino's ability to innovate, to seize developmental opportunities borne from the real needs of domestic and overseas markets.

We affirm our partnership with the Filipino in their endeavor of ever pushing the social development frontiers beyond currently known limits.

We share the Filipino's vision of spreading gainful employment to all who are willing to put their talents in the total betterment of the Filipino.

THE FPH COMMITMENTS

We at the First Philippine Holdings Corporation commit to the Filipino nation:

- Our continuing search for innovative ventures and technology that optimize human and natural resources bringing out the best from the Filipino mind and skill; and
- Our thrust towards the development of communities and persons we influence with our work.

We commit to our suppliers of goods and services:

- Our adherence to conducting business transactions with integrity, fairness and professionalism;
- Our willingness to assist in their development; and
- Our continuous assistance in improving the quality of such services.

We commit to our customers:

- Our unceasing quest to meet their needs; and
- Our uncompromising struggle for excellence in meeting their expectations.

We commit to all members of the FPH family:

- Our institution of better and more comprehensive programs that allow for personal development; and
- Our constant search for more effective ways to foster teamwork and employee participation to attain higher levels of productivity and quality.

THE LOPEZ VALUES

In our service to the Filipino people, we will be guided by the following distinct Lopez values:

- A pioneering entrepreneurial spirit
- Business excellence
- Unity
- Nationalism
- Social justice
- Integrity
- Concern for employee welfare and wellness

We know from generations of experience that it is by living according to these values that a company can be built to last.

THE LOPEZ CREDO

We, as employees of the Lopez group of companies, believe that our primary reason for being is to serve God and the Filipino people.

Thus, we shall always conduct ourselves in a manner that is mindful of the long-term mutual benefit of the Lopez Group, and the various publics we serve.

We will be responsible stewards of all our resources, and conscious of our obligation to present and future generations.

Since 1928, and in the years and generations to follow, our commitment to the distinctive Lopez values will not change as we remain committed to serve our stakeholders.