

EVERGREEN LIFEPLAN SERVICES, INC.

**MANUAL ON CORPORATE GOVERNANCE
(2024)**

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The Board of Directors and Management, shareholders, officers and staff of **EVERGREEN LIFEPLAN SERVICES, INC.** (the “Corporation”) hereby commit themselves to adhere to the principles and best practices of good corporate governance contained in this Manual and acknowledge that the same shall guide the attainment of corporate goals.

I. OBJECTIVE AND PURPOSE

This Manual on Corporate Governance (the “Manual”) institutionalizes the principles of good corporate governance across the entire organization. It adheres to and substantially adopts the Revised Code of Corporate Governance for Insurance Commission Regulated Companies (as provided by Insurance Commission Circular Letter No. 2020-71 dated 13 June 2020).

Corporate Governance is the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders (which include, among others, customers, employees, suppliers, financiers, etc. and the government and the community in which it operates).

The Board of Directors, Management, shareholders, officers, and staff believe that corporate governance is a necessary component of sound, strategic business management and will therefore undertake to create awareness of principles of good corporate governance within the organization in order to ensure and maximize the Corporation’s long-term success and create sustainable value for its shareholders, stakeholders and the nation.

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

II. DEFINITION OF TERMS

1. Corporate Governance — the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their shareholders, stakeholders and the nation.

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 and create sustainable value for its shareholders, stakeholders and the nation.

2. Board of Directors (“Board”) — the governing body of directors elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.
3. Director — a member of the Board of Directors duly elected as such by the shareholders of the Corporation or by its Directors in order to fill a vacancy.
4. Management — a group of executives authorized by the Board of Directors to implement the corporate and business policies it has laid down in the conduct of the business of the corporation.
5. Independent Director — a member of the Board of Directors who has no material relationship with the Corporation, its Management, or the controlling shareholder which could, or could reasonably be perceived to, significantly interfere with or affect his exercise of independent judgment in carrying out his responsibilities as a director.
6. Executive Director — a member of the Board of Directors who manages and oversees day-to-day operations of a part or the whole of the Corporation.
7. Non-executive Director — a member of the Board of Director who has no executive responsibility and does not perform any work related to the operations of the Corporation.
8. Conglomerate — a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.

9. Internal control — a process designed and effected by the Board of Directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization’s policies and procedures.
10. Enterprise Risk Management — a process implemented by the Board of Directors, Management and officers that aims to identify potential events that may affect the Corporation, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of corporate objectives.
11. Insurance Commission — the government agency which supervises and regulates the operations of the Corporation as an insurance corporation.
12. Planholder – any natural or juridical person who has purchased a pre-need plan from the Corporation, for whom or for whose beneficiaries’ benefits are to be delivered by the Corporation.
13. Related Party — shall cover the Corporation’s subsidiaries, if any, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) over which the Corporation exerts direct or indirect control or that exerts direct or indirect control over the Corporation, its directors, officers, shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Corporation.
14. Related Party Transactions — a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
15. Shareholder — an owner of a share or shares of stock in the Corporation.
16. Stakeholders — any individual, organization or society at large who can either affect and/or be affected by the Corporation’s strategies, policies, business decisions and operations, in general, such as planholders, customers, creditors, employees, suppliers, investors, financiers, regulators, competitors, and external auditors, as well as the government, society and the community in which it operates.

III. THE BOARD'S GOVERNANCE RESPONSIBILITIES

A. Board of Directors

A.1. Composition

A.1.1. The Board of Directors shall be primarily responsible for the governance of the Corporation. It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

A.1.2. The Board shall be composed of five (5) members in accordance with the Corporation's Articles of Incorporation. The Corporation shall have at least two (2) independent directors or such number of independent directors equivalent to twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

A.1.3. The directors shall have a collective working knowledge, experience or expertise that is relevant to the Corporation's industry/sector. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

A.1.3. The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

A.1.4. The Board shall institute and implement a policy on board diversity.

A.2. Training for Directors

A.2.1. The Corporation shall implement a training program on corporate governance and other relevant matters for its directors, including an orientation program for first-time directors and relevant annual, continuous training for all directors.

A.2.2. The orientation program for first-time directors and relevant annual continuous training for all directors shall promote effective Board performance and continuing qualification of the directors in carrying-out their duties and responsibilities.

A.2.3. All directors shall be properly oriented upon joining the Board in order to ensure that new members are appropriately apprised of their duties and responsibilities. The orientation program shall cover Insurance Commission-mandated topics on corporate governance and an introduction to the Corporation's business, Articles of Incorporation, and Code of Conduct.

A.2.4. The annual continuing training program shall ensure that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Corporation. It shall cover courses on corporate governance matters relevant to the Corporation, including audit, internal controls, risk management, sustainability and strategy.

A.2.5. Insurance Commission-mandated topics on corporate governance shall include the following:

- a) Code of Corporate Governance for Insurance Commission Regulated Companies;
- b) ASEAN Corporate Governance Scorecard and Insurance Commission Annual Corporate Governance Report;
- c) Board Responsibilities;
- d) Illegal activities of corporations/ directors/officers;
- e) Protection of minority shareholders;
- f) Liabilities of directors;
- g) Confidentialities;
- h) Conflict of interest;
- i) Related Party Transactions;
- j) Enterprise Risk Management; and
- k) Case studies and Financial Reporting and Audit.

B. Roles and Responsibilities and Qualifications and Disqualifications of the Board

B.1. A director's office is one of trust and confidence. A director should at all times act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

B.2. It shall be the Board's responsibility to promote adherence to its Mission, Vision, and Corporate Values to foster the long-term success and viability of the Corporation and achieve and sustain competitiveness and profitability in a manner that is consistent with its fiduciary responsibility and its corporate objectives and the best interests of its shareholders and other stakeholders.

B.3. The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Corporation's Articles of Incorporation and By-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders and other stakeholders.

B.4. The Board shall oversee the development of and approve the Corporation's business objectives and strategy, and monitor their implementation, in order to sustain the Corporation's long-term viability and strength.

B.5. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures. The Board shall ensure that sound strategic policies and objectives translate to the Corporation's proper identification and prioritization of its goals and guidance on how best to achieve them and that this creates optimal value to the Corporation.

B.6. The Board shall oversee internal control mechanisms, including overseeing the implementation of the key control functions, such as risk management, compliance and internal audit, and reviewing the Corporation's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.

B.7. The Board shall provide sound strategic policies and guidelines to the Corporation on major capital expenditures and establish programs that can sustain its long-term viability and strength. The Board shall also periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.

B.8. The Board shall also ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.

B.9. The Board shall be headed by a competent and qualified Chairperson/Chairman.

B.10. The roles and responsibilities of the Chairman of the Board shall include the following:

- a) Ensures that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b) Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c) Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;
- d) Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e) Assures the availability of proper orientation for first-time directors and continuing training opportunities for all Directors; and
- f) Ensures that performance of the Board is evaluated at least once a year and discussed/followed up on.
- g) Ensures that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary.
- h) Supervises the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President/CEO, Management and the directors.
- i) Maintains qualitative and timely lines of communication and information between the Board and Management.

B.11. The Board shall be responsible for ensuring its effective succession planning program for directors, key officers and Management to ensure growth and a continued increase in the shareholders' value.

B.12. The transfer of Corporation leadership to highly competent and qualified individuals is the goal of succession planning. It is the Board's responsibility to implement a process to appoint competent, professional, honest and highly motivated management officers who can add value to the Corporation.

B.13. The Board shall formulate and adopt a policy specifying the relationship between remuneration and performance of key officers and board members which should be aligned with the long-term interests of the Corporation.

B.14. The key considerations in determining proper compensation include the following: (1) the level of remuneration is commensurate to the responsibilities of the role; (2) no director shall participate in deliberating and deciding on his remuneration; and (3) remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.

B.15. For employees in control functions (e.g., risk, compliance and internal audit), their remuneration shall be determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives so as not to compromise their independence.

B.16. The Board shall adopt a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy shall include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the Corporation.

B.17. The Board nomination policy shall encourage shareholders' participation by including procedures on how the Board accepts nominations from minority shareholders. The policy shall also promote transparency of the Board's nomination and election process.

B.18. The nomination and election process also includes the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members. A good practice is the use of professional search firms or external sources when searching for candidates to the Board. Furthermore, the nomination and election process also includes monitoring the qualifications of the directors.

B.19. In addition to the qualifications for membership in Board provided for in the Corporation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

- a) College education or equivalent academic degree (further masteral degree studies or specialized training may be required);

- b) Practical understanding of the business of the Corporation;
- c) Membership in good standing in relevant industry, business or professional organizations; and
- d) Previous relevant business experience.

B.20. The following are the grounds for the disqualification of a director:

B.21.1. Permanently Disqualified

- a) Persons who have been convicted by final judgment of a competent court or administrative body for offenses involving dishonesty or breach of trust or moral turpitude such as fraud, estafa, misappropriation, embezzlement, extortion, forgery, malversation, swindling and theft;
- b) Persons who have been convicted by final judgment of the court for violation of insurance laws, pre-need laws and other related laws;
- c) Persons who have been judicially declared insolvent, spendthrift or unable to enter into a contract; or
- d) Directors, officers or employees of closed insurance or Pre-Need companies or any insurance or Pre-Need intermediaries who were responsible for such institution's closure as determined by the Insurance Commission.

B.21.2. Temporarily Disqualified

- a) Persons who refuse to fully disclose the extent of their business interests when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission. This disqualification shall be in effect as long as the refusal persists;
- b) Directors who have been absent or who have not participated for whatever reason in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during their incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding elections;

- c) Persons convicted of offenses involving dishonesty, breach of contract or violation of insurance or pre-need laws but whose conviction has not yet become final and executory;
- d) Directors and officers of closed insurance or pre-need companies and insurance or pre-need intermediaries pending clearance from the Insurance Commission;
- e) Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification of the Insurance Commission;
- f) Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar;
- g) Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;
- h) Those under preventive suspension;
- i) Persons with derogatory records with the NBI, court, police, Interpol and insurance authorities of other countries (for foreign directors) involving violation of any law, rule or regulation of the government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of an insurance or Pre-Need director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity;
- j) Persons who are delinquent in the payment of their obligations as defined hereunder:
 - 1) Delinquency in the payment of obligations means that obligations of a person with the Insurance Corporation or its related companies where he/she is a director or officer; or at least two obligations with other insurance or Pre-Need companies, under different credit lines or loan contracts;

- 2) Obligations shall include all borrowings from an insurance or Pre-Need Corporation, or its related companies obtained by:
- i. A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorser, or surety for loans from such institutions;
 - ii. The spouse or child under the parental authority of the director or officer;
 - iii. Any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a director or officer;
 - iv. A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
 - v. A corporation, association or firm wholly owned or majority of the capital is contributed by any or a group of persons mentioned in the foregoing items 1, 2, and 4.

This temporary disqualification shall be in effect as long as the delinquency persists.

B.22. A director shall have the following specific duties and responsibilities:

- a) Conduct fair business transactions with the Corporation and ensure that personal interest does not conflict with the interests of the Corporation.
- b) Devote time and attention necessary to properly and effectively perform his duties and responsibilities.
- c) Act judiciously.
- d) Exercise independent judgment.
- e) Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including its Articles of Incorporation and By-

Laws, the rules and regulations of the Securities and Exchange Commission (SEC), and where applicable, the requirements of relevant regulatory agencies.

- f) Observe confidentiality.
- g) Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

B.23. The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The RPTs policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

B.24. As an important fiduciary duty of directors, the Board shall ensure the integrity of RPTs. It is the Board's role to initiate policies and measures geared towards prevention of abuse and promotion of transparency, and in compliance with applicable laws and regulations to protect the interest of all shareholders. Such measures may include the required ratification by Shareholders of material or significant RPTs approved by the Board, in accordance with existing laws; and ensuring that transactions occur at market prices, at arm's length basis and under conditions that protect the rights of all Shareholders.

B.25. In addition, the Corporation is given the discretion to set their materiality threshold at a level where omission or misstatement of the transaction could pose a significant risk to the Corporation and influence its economic decision. Depending on the materiality threshold, the approval of Management, the Related Party Transaction Committee, the Board or the Shareholders may be required.

B.26. The Board shall be primarily responsible for approving the selection and assessment of the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer or Lead Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

B.27. It is the responsibility of the Board to appoint a competent Management Team at all times, monitor and assess the performance of the Management Team based on established performance standards that are consistent with the Corporation's strategic objectives, and conduct a regular review of the Corporation's policies with the Management Team. In the selection process, fit and proper standards are to be applied on key personnel and due consideration is given to integrity, technical expertise and experience in the institution's business, either current or planned.

B.28. The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

B.29. The Board shall oversee that an appropriate internal control system and an Internal Audit Charter are in place, including a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders.

B.30. The Board shall oversee that a sound Enterprise Risk Management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise- level risk exposures, as well as the effectiveness of risk management strategies.

B.31. Risk management policy is part and parcel of a corporation's corporate strategy. The Board is responsible for defining the Corporation's level of risk tolerance and providing oversight over its risk management policies and procedures.

B.32. The Board shall also perform its functions as provided in the Corporation's Money Laundering and Terrorism Financing Prevention Program (MTPP).

B.33. The Board shall be primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Corporation's performance, position and prospects on a quarterly basis, or at such time agreed upon, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

B.34. The Corporation should consistently comply with the financial reporting requirements of the Insurance Commission (IC) and/or prevailing laws and regulations.

B.35. The Board should have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the Directors in the performance of their functions.

B.36. 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.

C. Corporate Secretary

C.1. The Board shall ensure that it is assisted in its duties by a Corporate Secretary, who is an officer of the Corporation and who should be a separate individual from the Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend training or seminar on corporate governance.

C.2. The Corporate Secretary is primarily responsible to the Corporation and its Shareholders, and not to the Chairman or President of the Corporation and has, among others, the following duties and responsibilities:

- a) Safekeeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation.
- b) Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise.
- c) Works fairly and objectively with the Board, Management and Stockholders and contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and its Stakeholders, including Shareholders.
- d) Advises on the establishment of Board Committees and their terms of reference.
- e) Informs members of the Board, in accordance with the By-laws, of the agenda of their meetings at least five (5) working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- f) Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so.
- g) Possesses working knowledge of the operations of the Corporation.
- h) Performs required administrative functions.

- i) Oversees the drafting of the by-laws and ensures that these conform with regulatory requirements.
- j) Performs such other duties and responsibilities as may be provided by the Board and by the Insurance Commission.

D. Corporate Governance Compliance Officer

D.1. The Board shall ensure that it is assisted in its duties by a Compliance Officer, who should have the rank of Vice-President or an equivalent position with adequate stature and authority in the Corporation. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training or seminar on corporate governance.

D.2. The Compliance Officer is a member of the Corporation's Management Team in charge of the compliance function. He/she is primarily liable to the Corporation and its Shareholders, and not to the Chairman or President of the Corporation and shall have the following duties and responsibilities:

- a) Ensures proper onboarding of new directors (i.e., orientation on the Corporation's business, charter, Articles of Incorporation and By-laws, among others).
- b) Monitors, reviews, evaluates and ensures compliance by the Corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies.
- c) Reports violations to the Board and recommends the imposition of appropriate disciplinary action and preventive measures to Senior Management and the Board.
- d) Ensures the integrity and accuracy of all documentary submissions to regulators.
- e) Appears before the Insurance Commission or similar regulatory agencies when summoned in relation to compliance with this Code.
- f) Collaborates with other departments to properly address compliance risks and issues, which may be subject to investigation.
- g) Identifies and monitors possible areas of compliance risks, issues and works towards the resolution of the same.

- h) Ensures the attendance of Board members and key officers at relevant trainings.
- i) Performs such other duties and responsibilities as may be provided by the Board and by the Insurance Commission.

E. Board Committees

E.1. Audit Committee

E.1.1. The Board shall establish an Audit Committee (AC) to enhance its oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The Committee should be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the Committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the Chairman of the Board or of any other committee.

E.1.2. The Audit Committee is responsible for overseeing the Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

E.1.3. The Audit Committee has the following duties and responsibilities, among others:

- a) Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of the Internal Audit Division and the audit plan as well as oversees the implementation of the IA Charter.
- b) Organizes the Internal Audit Division. Through the Internal Audit (IA) Division, the Audit Committee monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets including information technology security. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (1) safeguard the Corporation's resources and ensure their effective utilization, (2) prevent occurrence of fraud and other irregularities, protect the accuracy and reliability of the

Corporation's financial data, and (3) ensure compliance with applicable laws and regulations.

- c) Prior to the commencement of the audit, the Audit Committee discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- d) Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The 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. The non-audit work, if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report.
- e) Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - 1) Any change/s in accounting policies and practices;
 - 2) Areas where a significant amount of judgment has been exercised;
 - 3) Significant adjustments resulting from the audit;
 - 4) Going concern assumptions;
 - 5) Compliance with accounting standards; and
 - 6) Compliance with tax, legal and regulatory requirements.
- f) Reviews the disposition of the recommendations in the External Auditor's management letter.
- g) Performs oversight functions over the Corporation's Internal and External Auditors. Reviews the reports submitted by the internal and external auditors. The Audit Committee ensures the independence of Internal and

External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

- h) Coordinates, monitors and facilitates compliance with laws, rules and regulations.
- i) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Insurance Commission, 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.
- j) Reviews the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it.
- k) In case the Corporation does not have a Board Risk Oversight Committee and/or Related Party Transactions Committee, the Audit Committee performs the functions of said committees.
- l) Performs oversight over the Corporation's implementation of its Money Laundering and Terrorism Financing Prevention Program (MTPP).
- m) Under the supervision of the Audit Committee, Management should formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
 - 1) 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.
 - 2) 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.
 - 3) 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.

E.1.4. The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other Management team members, and periodically meets with the head of the Internal Audit.

E.2. Corporate Governance Committee

E.2.1. The Board shall establish a Corporate Governance Committee (CG Committee) which shall assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three (3) members, majority of whom should be independent directors, including the Chairman.

E.2.2. The CG Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

- a) Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments.
- b) Oversees the periodic performance evaluation of the Board and its Committees as well as executive management and conducts an annual self-evaluation of its performance.
- c) Ensures 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.
- d) Recommends 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.

- e) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.
- f) Proposes and plans relevant trainings for the members of the Board.
- g) Determines the nomination and election process for the Corporation's Directors and has the special duty of defining the general profile of board members that the Corporation may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board. The Committee can also review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. It can also help pre-screen and shortlist all candidates nominated to become a member of the Board of Directors.
- h) Establishes 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.

E.3. Board Risk Oversight Committee

E.3.1. The Board shall establish a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of the Corporation's Enterprise Risk Management system or its equivalent to ensure its functionality and effectiveness. The BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the Committee must have relevant thorough knowledge and experience on risk and risk management.

E.3.2. Enterprise risk management is integral to an effective corporate governance process and the achievement of a corporation's value creation objectives. Thus, the BROC has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place in order that the Board and top management will be in a confident position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities.

E.3.3. The BROC has the following duties and responsibilities, among others:

- a) Develops a formal Enterprise Risk Management Plan which contains the following elements:
 - 1) Common language or register of risks,
 - 2) Well-defined risk management goals, objectives and oversight,
 - 3) Uniform processes of assessing risks and developing strategies to manage prioritized risks,
 - 4) Designing and implementing risk management strategies, and
 - 5) Continuing assessments to improve risk strategies, processes and measures.
- b) Oversees the implementation of the Enterprise Risk Management Plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks.
- c) Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss.
- d) Advises the Board on its risk appetite levels and risk tolerance limits.
- e) Reviews 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 events that are considered to have major impacts on the Corporation occur.

- f) Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its Stakeholders.
- g) Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management.
- h) Reports 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 recommends further action or plans, as necessary.

E.4. Related Party Transaction (RPT) Committee

E.4.1. The Board shall establish a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the Corporation and should be composed of at least three non-executive Directors, majority of whom should be independent, including the Chairman.

E.4.2. The following are the functions of the RPT Committee, among others:

- a) Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors.
- b) Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:

- 1) The related party's relationship to the Corporation and interest in the transaction.
- 2) The material facts of the proposed RPT, including the proposed aggregate value of such transaction.
- 3) The benefits to the Corporation of the proposed RPT.
- 4) The availability of other sources of comparable products or services.
- 5) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- 6) The following are the required information on all RPTs:
 - i. Name of the related counterparty
 - ii. Relationship with the party
 - iii. Transaction date
 - iv. Type/Nature of transaction
 - v. Amount of contract price
 - vi. Terms of transaction
 - vii. Rationale for entering into the transaction
 - viii. The required approval (i.e., names of the Directors approving, names and percentage of Shareholders who approved) based on the Corporation's policy
 - ix. Other terms and conditions

- b) Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties.
- c) Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.
- d) Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.
- e) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

F. Commitment of the Board

F.1. To show full commitment to the Corporation, the Directors should devote sufficient time, effort and attention to properly and effectively perform their duties and responsibilities.

F.2. The Directors should attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the Director should thoroughly review meeting materials and ask the necessary questions or seek clarifications and explanations whenever the situation calls for it.

F.3. Any director who is absent in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.

F.4. If at all, the non-executive directors of the Board can be concurrent directors to only a maximum of five (5) Publicly Listed Companies (outside the Corporation) to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategies of the Corporation.

F.5. A director should notify the Board where he/she is an incumbent director before accepting a directorship in another Corporation.

F.6. Each Committee shall report regularly to the Board of Directors.

F.7. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual.

F.8. The Board may create an internal self-rating system or governance self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in this Code or comply with such internal self-rating system model or guide as may be mandated or provided by prevailing laws and regulations.

G. Board Independence/Independent Directors

G.1. The Board shall exercise objective and independent judgment on all corporate affairs.

G.2. The Board shall be composed of at least twenty percent (20%) Independent Directors.

G.3. The presence of Independent Directors in the Board is to ensure the exercise of independent judgment on corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balancing of competing demands of the corporation.

G.4. The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

G.5. An Independent Director refers to a person who:

- a) is not or was not a regular director, officer or employee of the covered entity, its subsidiaries, affiliates or related companies during the past three (3) years counted from the date of his election/appointment;
- b) is not or was not a regular director, officer, or employee of the covered entity's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
- c) is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the

board of directors of the covered entity, or in any of its related companies or of its majority corporate shareholders;

- d) is not a relative by affinity or consanguinity within the fourth (4th) degree of a director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the board of the covered entity or any of its related companies or of any of its substantial stockholders;
- e) is not acting as a nominee or representative of any director or substantial shareholder of the covered entity, any of its related companies or any of its substantial shareholders;
- f) is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the covered entity, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment;
- g) is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the covered entity or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a corporation of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
- h) was not appointed in the covered entity, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election/appointment;
- i) is not affiliated with any non-profit organization that receives significant funding from the covered entity or any of its related companies or substantial shareholders; and,
- j) is not employed as an executive officer of another corporation where any of the covered entity's executives serve as regular directors.

G.6. Related Corporation refers to (a) the covered entity's holding/parent corporation; (b) its subsidiary or affiliate; (c) subsidiaries of its holding/parent corporation; or (d) a corporation where a covered entity or its majority stockholder own such number of shares that will allow/enable such person or group to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.

G.7. The Board's independent directors should serve for a maximum cumulative term of nine years. After which, 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. In such instances, the Board must submit to the Insurance Commission a formal written justification and a shareholder's approval during the annual shareholders' meeting.

G.8. The positions of Chairman of the Board and Chief Executive Officer (CEO) should be held by separate individuals and each should have clearly defined responsibilities.

G.9. The CEO has the following roles and responsibilities, among others:

- a) Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business.
- b) Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same.
- c) Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan.
- d) Has a good working knowledge of the Corporation's industry and market and keeps up-to- date with its core business purpose.
- e) Directs, evaluates and guides the work of the key Officers of the Corporation.
- f) Manages the Corporation's resources prudently and ensures a proper balance of the same.
- g) Provides the Board with timely information and interfaces between the Board and the employees.

- h) Builds the corporate culture and motivates the employees of the Corporation.
- i) Serves as the link between internal operations and external stakeholders.

G.10. The Board should designate a lead director among the independent directors if the Chairman of the Board is not independent.

G.11. In case that Chairman is not an independent director, the Corporation may appoint a strong “lead director” among the independent directors. This lead director has sufficient authority to lead the Board in cases where management has clear conflicts of interest.

G.12. The functions of the Lead Director include, among others, the following:

- a) Serves as an intermediary between the Chairman and the other directors when necessary.
- b) Convenes and chairs meetings of the non-executive directors.
- c) Contributes to the performance evaluation of the Chairman, as required.

G.13. A director with a material interest in any transaction affecting the Corporation should abstain from taking part in the deliberations for the same.

G.14. The abstention of a director from participating in a meeting when related party transactions, self-dealings or any transactions or matters on which he/she has a material interest are taken up ensures that he has no influence over the outcome of the deliberations. The fundamental principle to be observed is that a director does not use his position to profit or gain some benefit or advantage for his himself and/or his/her related interests.

G.15. The Non-Executive Directors (NEDs) should have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Corporation. The meetings should be chaired by the lead independent director if one is appointed as such lead director.

H. Assessing Board Performance

H.1. The best measurement of the Board's effectiveness is through a performance assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

H.2. The Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members/Directors and Committees. Every three (3) years, the assessment may be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.

H.3. The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual Directors, Committees and such system should allow for a feedback mechanism from the Shareholders. The CG Committee oversees this evaluation process.

I. Board Ethics

I.1. The Directors are duty-bound to adhere to high ethical standards, with due consideration to the interests of all Stakeholders.

I.2. The Board shall adopt a Code of Business Conduct and Ethics that would set the standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code of Business Conduct and Ethics should be properly disseminated to the Board, Senior Management and employees.

I.3. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and related internal policies.

IV. DISCLOSURE AND TRANSPARENCY

A. Corporation Disclosure Policies and Procedures

A.1 The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to Shareholders and other Stakeholders that gives a fair and complete picture of the Corporation's financial condition, results and business operations.

A.2. The Board shall fully disclose all relevant and material information on individual Board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

A.3. The Corporation shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration (including termination provisions), as well as the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.

A.4. The Corporation shall disclose its policies governing RPTs and other unusual or infrequently occurring transactions. The material or significant RPTs should be reviewed and approved by the Board and submitted for confirmation by majority vote of the Stockholders in the annual stockholders' meeting. All material or significant RPTs for the year should be disclosed in its Annual Corporation Report or Annual Corporate Governance Report.

A.5. The reports or disclosures required under this Manual shall be prepared and submitted to the Insurance Commission by the responsible Committee or officer in coordination with the Corporation's Compliance Officer.

A.6. It is therefore essential that all material information about the Corporation which could adversely affect its viability or the interest of its Stockholders and other Stakeholders should be publicly and timely disclosed in accordance with pertinent and prevailing laws and regulations. Such information should include, among others, earnings, results, acquisitions or disposition of assets, off balance sheet transactions, related party transactions and may include direct and indirect remuneration of members of the Board and Management.

A.7. Other information that shall always be disclosed to Stockholders includes remuneration (including stock options) of all Directors and Senior Management corporate strategy, and off-balance sheet transactions.

A.8. The Corporation's corporate governance policies, programs and procedures shall be provided in this Manual.

B. The External Auditor's Independence and Improving Audit Quality

B.1. The Corporation shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

B.2. The Audit Committee shall have a secure process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the Shareholders.

B.3. The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Audit Committee shall be responsible for reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

B.4. The Corporation should disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with any potential conflict of interest. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

B.5. The Board, after consultations with the Audit Committee, shall recommend to the Stockholders an external auditor duly accredited by the Insurance Commission 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 Stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as independent auditor, or does not pose a threat to his independence.

B.6. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such actions 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 external 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.

B.7. If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of

his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said report.

B.8. 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, duly accredited by the Insurance Commission, shall be selected and appointed by the Board.

B.9. The external auditor should 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.

C. Non-Financial and Sustainability Reporting

C.1. The Corporation shall ensure that the material and reportable non-financial and sustainability issues are disclosed.

C.2. The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.

D. Comprehensive and Cost-Efficient Access to Relevant Information

D.1. The Corporation shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

D.2. The Corporation shall have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.

V. INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

A. Internal Audit

A.1. The Corporation shall have in place an independent internal audit function/division which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior Management, and Stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

A.2. The Internal Auditor shall report to the Audit Committee.

A.3. The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.

A.4. 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.

A.5. To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Corporation shall have a strong and effective internal control system and enterprise risk management framework. An effective internal control system embodies management oversight and control culture; risk recognition and assessment; control activities; information and communication; monitoring activities and correcting deficiencies. Moreover, the Corporation shall have an effective enterprise risk management framework which typically shall include identification, sourcing, measurement, evaluation, mitigation and monitoring of risk.

A.6. The Corporation should have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Corporation's operations.

A.7. A separate internal audit function is essential to monitor and guide the implementation of Corporation policies and helps the Corporation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the Corporation's governance, risk management and control functions.

A.8. The following are the functions of the Internal Audit Division, among others:

- a) Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
- b) Performs regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment.
- c) Performs consulting and advisory services related to governance and control as appropriate for the organization.
- d) Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization.
- e) Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the Corporation.
- f) Evaluates 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.
- g) Evaluates specific operations at the request of the Board or Management, as appropriate.
- h) Monitors and evaluates governance processes.

A.9. The Corporation shall have a qualified Chief Audit Executive (CAE) 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.

A.10. The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit Committee and administratively to the CEO. The following are the responsibilities of the CAE, among others:

- a) Periodically reviews the Internal Audit Charter and presents it to senior Management and the Board Audit Committee for approval.

- b) Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals.
- c) Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval.
- d) Spearheads the performance of the internal audit activity to ensure it adds value to the organization.
- e) Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan.
- f) Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.
- g) The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit division'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.

B. Risk Management

B.1. The Corporation shall have a separate risk management function (or committee or group) to identify, assess and monitor key risk exposures.

B.2. The risk management function (or committee or group) involves the following activities, among others:

- a) Defining a risk management strategy.
- b) Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives.

- c) Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters.
- d) Establishing a risk register with clearly defined, prioritized and residual risks.
- e) Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy.
- f) Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee.
- g) Monitoring and evaluating the effectiveness of the organization's risk management processes.

B.3. The Corporation shall have a Chief Risk Officer (CRO or Lead Risk Officer) for managing the Corporation's Risk Management System, and leads the Corporation's Enterprise Risk Management (ERM).

B.4. 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.
- e) Provides insights on the following:
 - 1) Risk management processes are performing as intended.

- 2) Risk measures reported are continuously reviewed by risk owners for effectiveness.
- 3) Established risk policies and procedures are being complied with.
- f) Helps lead in performing Anti-Money Laundering Risk Assessment as provided in the Corporation's Money-Laundering and Terrorism Financing Prevention Program (MTPP).

B.5. There should be clear communication between the Board Risk Oversight Committee and the CRO.

VI. SYNERGISTIC RELATIONSHIP WITH SHAREHOLDERS

A. Promoting Shareholder (Stockholder) Rights

A.1. The Corporation shall treat all Shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

A.2. The Board shall adopt a policy informing the Shareholders of all their rights. Shareholders are encouraged to exercise their rights by providing clear-cut processes and procedures for them to follow.

A.3. The Board shall respect shareholders' rights as related to the following, among others:

- a) Pre-emptive rights
- b) Dividend policies
- c) Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting
- d) Right to nominate candidates to the Board of Directors
- e) Nomination process
- f) Voting procedures that would govern the Annual and Special Shareholders' Meeting
- g) Right to inspect corporate books and records
- h) Right to information
- i) Appraisal right

A.4. The Board shall ensure that basic shareholder rights are disclosed in this Manual and on the Corporation's website.

A.5. All Shareholders shall have the opportunity to nominate candidates to the Board of Directors in accordance with the existing laws and, to this end, the nomination process shall be discussed clearly by the Board. The Corporation shall fully and promptly disclose to the Shareholders all information regarding the experience and background of the candidates.

A.6. Shareholders are encouraged to participate when given sufficient information prior to voting on fundamental corporate changes such as: (a) amendments to the Articles of

Incorporation and By-Laws of the Corporation; (b) the authorization on the increase in authorized capital stock; and (c) extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Corporation. In addition, the disclosure and clear explanation of the voting procedures, as well as removal of excessive or unnecessary costs and other administrative impediments, facilitate the effective exercise of the shareholders' voting rights.

B. Shareholder (Stockholder) Meetings

B.1. The Board shall be transparent and fair in the conduct of the annual and special shareholders' meetings of the Corporation. The Shareholders shall be encouraged to personally attend such meetings. If they are unable to attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of by-laws and pertinent laws and regulations, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the shareholder's favor.

B.2. The Board shall encourage active shareholder participation by (a) sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting, and (b) making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting available the next working day.

B.4. Voting results shall include a breakdown of the approving and dissenting votes on the matters raised during the Annual or Special Stockholders' Meeting. When a substantial number of votes have been cast against a proposal made by the Corporation, it may make an analysis of the reasons for the same and consider having a dialogue with its shareholders.

B.5. The Minutes of Meeting shall include the following matters: (a) a description of the voting and the vote tabulation procedures used; (b) the opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received; (c) the matters discussed and the resolutions reached; (d) a record of the voting results for each agenda item; (e) a list of the directors, officers and shareholders who attended the meeting; and (f) dissenting opinion on any agenda item that is considered significant in the discussion process.

B.6. Although all stockholders should be treated equally or without discrimination, the Board shall give minority stockholders the right to propose or participate in proposing the holding of meetings and to propose the items for discussion in the agenda that relate directly to the business of the Corporation.

B.7. The Board shall have an alternative dispute resolution (ADR) mechanism to resolve intra-corporate disputes in an amicable and effective manner.

B.7.1 In the spirit of business goodwill, fairness and equity, the parties to any intra-corporate or related disputes, differences or controversies shall ensure that all involved parties and the Corporation shall not be prejudiced and shall first exert efforts to conciliate, reconcile and resolve such disputes, differences and controversies. If such efforts are not sufficient, all involved parties agree that they should first resort to have such disputes, differences and controversies resolved through voluntary arbitration in accordance with prevailing alternative dispute resolution (ADR) laws before such disputes, differences and controversies are brought before the regular courts or administrative agencies.

VII. DUTIES TO STAKEHOLDERS

A. Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights

A.1. The rights and/or interests of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

A.2. The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.

A.3. Stakeholders include, but are not limited to, customers, planholders, employees, suppliers, shareholders, investors, creditors, financiers, society, the government, regulators, competitors, external auditors, etc. and the community in which the Corporation operates. In formulating the Corporation's strategic and operational decisions affecting its wealth, growth and sustainability, due consideration is given to those who have an interest in the Corporation and are directly affected by its operations.

A.4. The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders which establishes fair, professional and objective dealings as well as clear, timely and regular communication with the various stakeholders ensure their fair treatment and better protection of their rights.

A.5. The Board should adopt a transparent framework and process that allow stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights.

B. Encouraging Employees' Participation

B.1. A mechanism for employee participation should be developed to create a symbiotic environment, realize the Corporation's goals and participate in its corporate governance processes.

B.2. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance.

B.3. The Board shall adopt an anti-corruption policy and program in its Code of Conduct to mitigate corrupt practices such as, but not limited to, bribery, fraud, extortion, collusion, conflict of interest and money laundering. Further, the Board should disseminate the policy

and program to employees across the organization through trainings to embed them in the Corporation's culture and encourage them to report corrupt practices and obtain learnings on how to combat, resist and stop these corrupt practices.

B.4. The Board shall establish a policy and suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

C. Encouraging Sustainability and Social Responsibility

C.1. The Corporation shall be socially responsible in all its dealings with communities where it operates. It should ensure that its interactions serve its environment and Stakeholders in a positive and progressive manner and are fully supportive of their comprehensive and balanced development.

C.2. The Corporation should recognize the importance of the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates.

C.3. Sustainable development means that the Corporation not only complies with existing regulations, but also voluntarily employs value chain processes that takes into consideration economic, environmental, social and governance issues and concerns. In considering sustainability concerns, the Board should ensure that the Corporation undertakes an indispensable role alongside the government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

Approved by the Board of Directors:

JESSE S.V. BALOCA
Chairman of the Board