

COVER SHEET

166878

S.E.C Registration Number

Grand Plaza Hotel Corporation

(Company's Full Name)

c/o 12th Floor Net One Center, 26th Street corner 3rd Avenue

Crescent Park West Bonifacio Global City

Alain Charles J. Veloso

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Company Telephone Number

Manual on Corporate Governance

FORM TYPE

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

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30 May 2017

The Securities and Exchange Commission
SEC Building, EDSA
City of Mandaluyong

Attention: Atty. Justina F. Callangan
Director, Corporate Governance and Finance Department

Re: Manual on Corporate Governance of Grand Plaza Hotel Corporation ("Corporation")

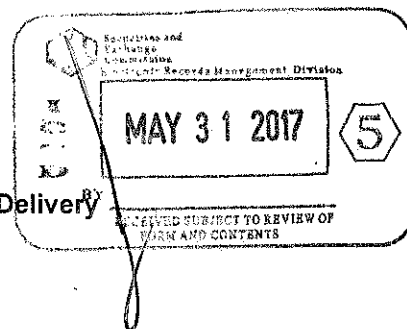
Dear Sirs:

We write in connection with the Securities and Exchange Commission ("SEC") Memorandum Circular No. 19, Series of 2016 ("MC 19-16"), which provides for the Code of Corporate Governance for Publicly-Listed Companies ("CG Code").

We understand that under MC 19-16, publicly-listed companies are required to submit a new Manual on Corporate Governance ("Manual") that takes into consideration the recommendations under the CG Code, on or before 31 May 2017. We also understand that under SEC Memorandum Circular No. 19, Series of 2016, the signatories to Manual should be the Corporation's Chairman of the Board and Compliance Officer.

We also understand that the CG Code adopts the "comply or explain" approach. This approach combines "voluntary compliance with mandatory disclosure," i.e., while listed companies are encouraged to comply with the code, they are not mandated to do so, but they must state in their Annual Corporate Governance Reports ("ACGR") whether they comply with the CG Code provisions, identify any areas of non-compliance, and explain the reasons for non-compliance and how the overall principle is being achieved.

In compliance with MC 19-16, the Corporation has adopted a new Manual on 15 May 2017, which takes into consideration the recommendations under the CG Code. We hereby attach a copy of the Manual, signed by the Corporation's Chairman of the Board and Compliance Officer.



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We note that the Chairman of the Board signed the Manual outside of the Philippines. We understand that the Manual must be authenticated by the Philippine consular office at the place of signing. In this regard, as the consularization process may take around 2 to 4 weeks, we hereby undertake to submit a consularized version Manual, as soon as the consularization process is completed and we receive the original consularized Manual.

The new Manual is also posted on the Corporation's website at www.grandplazahotelcorp.com.

Sincerely yours,


Alain Charles J. Veloso

Assistant Corporate Secretary

**NEW MANUAL ON CORPORATE GOVERNANCE
Grand Plaza Hotel Corporation**

[As adopted by the Board of Directors on 15 May 2017]

The Board of Directors ("Board"), Management, and Staff of Grand Plaza Hotel Corporation ("Corporation") hereby commit themselves to the principles and best practices contained in this Manual on Corporate Governance ("Manual"), and acknowledge that the same may guide the attainment of their corporate goals.

1. OBJECTIVE

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

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

The Corporation recognizes and places an importance on the interdependence between its business and society, and shall promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates. In making its decisions, the Board and the Management shall take into consideration economic, environmental, social and governance issues and concerns.

2. COMPLIANCE SYSTEM

2.1. Compliance Officer

The Board shall appoint a Compliance Officer and an Assistant Compliance Officer who shall report directly to the Chairperson of the Board. The Compliance Officer, and, in his absence or inability, the Assistant Compliance Officer, shall perform the following duties:

- (a) Ensure proper onboarding of new directors (i.e., orientation on the Corporation's business, charter, articles of incorporation and by-laws, among others);
- (b) Monitor, review, evaluate, and ensure the compliance by the Corporation, its officers and directors with the relevant laws, the Code of Corporate Governance ("Code"), as may be amended from time to time, rules and regulations and all governance issuances of regulatory agencies;
- (c) Report violations to the Board, and recommend the imposition of appropriate disciplinary action;
- (d) Ensure the integrity and accuracy of all documentary submissions to regulators;

- (e) Appear before the Philippine Securities and Exchange Commission("SEC")when summoned in relation to compliance with the Code;
- (f) Collaborate with other departments to properly address compliance issues, which may or may not be subject to investigation;
- (g) Identify possible areas of compliance issues, and work towards the resolution of the same;
- (h) Ensure the attendance of board members and key officers to relevant trainings; and
- (i) Perform such other duties and responsibilities as may be provided by the SEC.

2.2. Plan of Compliance

2.2.1. Board Governance

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.

2.2.1.1. Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders. The Board shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is higher.

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

The non-executive directors may have separate periodic meetings with the External Auditor, Chief Audit Executive ("CAE"), and Compliance Officer, without any executive directors present to ensure that proper checks and balances are in place within the Corporation. The meetings shall be chaired by the lead independent director.

The Corporation sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In determining the Board's composition, diversity may be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board

nominations and elections will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

2.2.1.2. General Responsibility

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation and its shareholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders.

The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

2.2.1.3. Specific Duties and Functions

To ensure a high standard of best practice for the Corporation and its stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- (i) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for directors, key officers, and Management to ensure growth and a continued increase in the shareholders' value.
- (ii) Monitor and assess the performance of the Management 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.
- (iii) 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 Management.
- (iv) 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.

- (v) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.
- (vi) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation. The Corporation's chief financial officer or such other officer as may be designated by the Board shall exercise oversight responsibility over this program.
- (vii) Identify the sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- (viii) Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness.
- (ix) Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability. The Board should oversee that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key business risks.
- (x) 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.
- (xi) Constitute an Audit and Risk Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- (xii) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities.
- (xiii) Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

- (xiv) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- (xv) Appoint a Compliance Officer and an Assistant Compliance Officer to perform the duties under this Manual. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.
- (xvi) Identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.
- (xvii) Establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.
- (xviii) Adopt a transparent framework and process that allow stakeholders to communicate with the Corporation and obtain redress for the violation of their rights.
- (xix) Establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.

2.2.1.4. Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders. A director should act in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

A director should observe the following norms of conduct:

- (i) Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

- (ii) 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. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

- (iii) 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.

- (iv) Exercise independent judgment.

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Corporation.

- (v) 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 Commission and, where applicable, the requirements of relevant regulatory agencies.

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

- (vi) 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. He should not reveal confidential information to unauthorized persons without the authority of the Board.

2.2.1.5. Nomination and Election of Directors

Directors shall be elected during the annual stockholders' meeting of the Corporation.

Non-Independent Directors

Any stockholder of record of the Corporation may nominate candidates for non-independent directors during the annual stockholders' meeting. The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board. The nominees receiving the highest number of votes of the stockholders present in person or by proxy, and entitled to vote, shall become the directors.

Independent Directors

The Nomination Committee shall prepare the list of candidates for independent directors based upon qualified candidates nominated by the stockholders. The Nomination Committee, subject to the approval by the Board of Directors, shall promulgate the rules, guidelines and criteria to govern the conduct of the nomination. Only the candidates whose nominations are confirmed by the Nomination Committee to be in accordance with such rules, guidelines and criteria to govern the conduct of the nomination, shall be qualified for election. No other nomination shall be entertained after the list of candidates has been finalized and submitted to the Chairperson. No further nomination shall be entertained or allowed on the floor during the stockholders' meeting.

The Chairperson of the Board, or in his or her absence, the designated chair person of the stockholders' meeting, shall inform the stockholders attending the stockholders' meeting of the legal requirement to elect independent directors in the Corporation. In case of failure to elect the independent directors, the Chairperson shall call for another round of election during the same stockholders' meeting to elect the independent directors.

In case of a vacancy in the position of independent director, the vacancy shall be filled by a vote of at least a majority of the directors, if still constituting a quorum, based upon the nomination of the Nomination Committee. In the absence of such quorum, the vacancy shall be filled in a meeting of the stockholders duly called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

2.2.1.6 Qualification and Disqualifications of the Directors

The following are the qualifications and disqualifications of the members of the Board:

Qualifications

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant

laws, the additional qualifications for membership in the Board are, the following:

- College education or equivalent academic degree;
- Practical understanding of the business of the Corporation;
- Membership in good standing in relevant industry, business or professional organizations; and
- Previous business experience.

Disqualifications

The following shall be grounds for the permanent disqualification of a director:

- (i) 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;
- (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission 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 Commission 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 Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, 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;

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iv) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
- (v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;
- (vi) Any person judicially declared as insolvent;
- (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;
- (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

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

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- (ii) Absence in more than fifty (50%) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident or other unforeseen or fortuitous events. The disqualification shall apply for purposes of the succeeding election.
- (iii) Dismissal or termination for cause as director of any corporation covered by the Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- (iv) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two

percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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

2.2.1.7. Independent Directors

In addition to the foregoing, an independent director must be one who:

- (i) 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;
- (ii) Is not, and has not been in the three years immediately preceding the election, a director of the covered company; 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;
- (iii) Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- (iv) Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;
- (v) Is not a relative of a director, officer, or substantial shareholder of the Corporation or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- (vi) Is not acting as a nominee or representative of any director of the Corporation or any of its related companies;
- (vii) 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;

- (viii) Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
- (ix) 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;
- (x) 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
- (xi) Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

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

The Board's independent directors should serve for a maximum cumulative term of nine years, reckoned from from 2012, in connection with SEC Memorandum Circular No. 9, Series of 2011, or the date that they were first elected, whichever comes later. After such term, the independent director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. If the Corporation wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

The Board should designate a lead director from among the independent directors, if the Chairman of the Board is not an independent director, or if 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) Serves as an intermediary between the Chairman and the other directors when necessary;

- (ii) Convenes and chairs meetings of the non-executive directors; and
- (iii) Contributes to the performance evaluation of the Chairman, as required.

2.2.1.8. Multiple Board Seats

The Chief Executive Officer (“CEO”) and other executive directors shall submit themselves to a reasonable number of directorships in other stock and non-stock corporations. The same limitation shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to diligently and efficiently perform his duties and responsibilities to the boards they serves shall not be compromised. The non-executive directors of the Board may concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management’s proposals/views, and oversee the long-term strategy of the Corporation.

The Board shall consider the following guidelines in the determination of the number of directorships for the Board:

- The nature of the business of the Corporations which he is a director;
- Age of the director;
- Number of directorships/active memberships and official positions held in other corporations or organizations, provided that directorships in corporations that are affiliates, subsidiaries or are otherwise related to the Corporation shall not be counted for purposes of determining the limitation on the number of directorships held by such director; and
- Possible conflict of interest.

The optimum number shall be related to the capacity of a director to diligently and efficiently perform their duties and responsibilities to the boards they serve.

A director should notify the Board before accepting a directorship in another company.

2.2.1.9. Board Meetings and Quorum Requirements

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors should always attend Board meetings. The Board may require the presence of at least one independent director in all Board meetings. However, the absence of an independent director will not affect the quorum requirement.

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

2.2.1.10. Remuneration of Directors and Officers

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. Key considerations in determining proper compensation shall include the following: (1) the level of remuneration must be commensurate to the responsibilities of the role, and to the performance of the relevant personnel; and (2) any remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.

Except for reasonable per diems, directors shall be entitled only compensation as may be granted to them, as such, by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of stockholders. No director should participate in deciding on his remuneration.

In no case shall the total yearly compensation of directors, as such, exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

The Board shall fix the salaries and bonuses of all officers. The fact that an officer is also a director shall not preclude him from receiving a salary or bonus.

The Corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

2.2.1.11. Chairperson of the Board

The Board shall be headed by a competent and qualified Chairperson, who must be a director.

The roles and responsibilities of the Chairperson shall include the following:

- (a) Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

- (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) Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

2.2.2. Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute the following committees:

2.2.2.1. The Audit and Risk Committee

The Audit and Risk Committee shall consist of at least three (3) non-executive directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit and Risk Committee should be an independent director.

The Audit and Risk 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

The Audit and Risk Committee shall have the following duties and responsibilities:

- (a) Recommends 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;

- (b) Through the Internal Auditor, 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. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the 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;
- (c) Oversees the Internal Auditor, and recommends the appointment and/or grounds for approval of the Internal Auditor or CAE. The Audit and Risk Committee shall also approve the terms and conditions for outsourcing internal audit services;
- (d) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit and Risk Committee;
- (e) Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- (f) Prior to the commencement of the audit, 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;
- (g) 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 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;
- (h) Reviews and approves the Interim 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) Areas where a significant amount of judgment has been exercised
 - (iii) Significant adjustments resulting from the audit
 - (iv) Going concern assumptions
 - (v) Compliance with accounting standards

- (vi) Compliance with tax, legal and regulatory requirements
- (i) Reviews the disposition of the recommendations in the External Auditor's management letter;
- (j) Performs oversight functions over the corporation's Internal and External Auditors. It 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;
- (k) Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- (l) Recommends 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; and
- (m) Perform the functions of the Board Risk Oversight Committee and Related Party Transactions Committee as provided in the Code.

The Audit and Risk Committee shall meet with the Board at least every quarter, ideally without the presence of the CEO or other Management team members, and shall periodically meet with the External Auditor, the Internal Auditor / CAE, as well as other key officers of the Corporation without any executive directors present.

2.2.2.2. Corporate Governance Committee

The Corporate Governance Committee shall consist of at least three (3) non-executive directors, a majority of whom shall be independent directors. The chair of the Corporate Governance Committee should be an independent director.

The Corporate Governance Committee is tasked to assist the Board in 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, and succession plan for the Board members and senior officers;
- (e) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance; and
- (f) Proposes and plans relevant trainings for the members of the Board.

Within a year from the adoption of this Manual, the Corporate Governance Committee shall assume the functions of the Nomination Committee and the Remuneration and Compensation Committee of the Corporation. The Nomination Committee and the Remuneration and Compensation Committee will thereafter be dissolved and the Corporate Governance Committee shall have the following additional duties and functions:

- (a) 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; and
- (b) 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.

2.2.2.3. The Nomination Committee

The Nomination Committee shall consist of at least three (3) members, one of whom shall be an independent director.

The Nomination Committee shall prepare the list of candidates for independent directors based upon qualified candidates nominated by the stockholders. The Nomination Committee, subject to the approval of the Board of Directors, shall promulgate the rules, guidelines and criteria to govern the conduct of the nomination. Only the candidates whose nominations are confirmed by the Nomination Committee to be in accordance with such rules, guidelines and criteria shall be eligible to be elected as independent directors. In case of vacancy in the position of independent directors, the vacancy shall be filled by a vote of at least a

majority of the directors, if still constituting a quorum, based upon the nomination of the Nomination Committee.

The Nomination Committee may 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.

As provided under Section 2.2.2.2, within a year from the adoption of this Manual, the Corporate Governance Committee shall assume the functions of the Nomination Committee, and the Nomination Committee will thereafter be dissolved.

2.3. The Corporate Secretary

The Corporate Secretary, should be a Filipino citizen and a resident of the Philippines, and should not be a member of the Board. Heshall have the following duties and responsibilities:

- (a) Assists 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;
- (b) Safe keeps 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;
- (c) Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;
- (d) Works fairly and objectively with the Board, Management and 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;
- (e) Advises on the establishment of Board committees and their terms of reference;
- (f) Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five 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;
- (g) 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;

- (h) Performs required administrative functions;
- (i) Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- (j) Performs such other duties and responsibilities as may be provided by the Board.

The Board shall also appoint an Assistant Corporate Secretary who shall have the foregoing qualifications, and assume the duties and responsibilities of the Corporate Secretary in his absence or unavailability.

2.4. External Auditor

The Board, after consultations with the Audit and Risk Committee, shall recommend to the stockholders an external auditor duly accredited by the 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 an independent auditor, or does not pose a threat to his independence.

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 the external auditor 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.

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 reports.

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.

2.5. Accountability and Audit

The Board should provide stockholders with a balanced and comprehensible assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Management shall provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management should formulate, under the supervision of the Audit and Risk 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 should be maintained; and
- (c) The Corporation should consistently comply with the financial reporting requirements of the Commission.

The Corporation should also 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.

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

- (a) Provides an independent risk-based assurance service to the Board, Audit and Risk 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; and
- (h) Monitors and evaluates governance processes.

The Corporation's internal audit activity may be done internally or may be outsourced to qualified independent third party service providers.

The Corporation shall have a CAE, appointed by the Board, who shall oversee and be responsible for the internal audit activity of the Corporation. 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 and Risk 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 and Risk 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 and Risk Committee on the internal audit activity's performance relative to its plan; and
- (f) Presents findings and recommendations to the Audit and Risk Committee and gives advice to senior management and the Board on how to improve internal processes.

2.6. 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 that directly relate to their functions and responsibilities as directors of the Corporation, at such reasonable cost to be borne by the Corporation.

3. COMMUNICATION PROCESS

- 3.1. This Manual shall be available for inspection by any stockholder of the Corporation upon five (5) days prior notice at reasonable hours on business days.
- 3.2. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance.
- 3.3. The CEO shall ensure that at least one (1) hard copy of the Manual is available in the principal office of the Corporation.

4. TRAINING PROCESS

- 4.1. At the discretion of the Board, funds may be allocated for the purpose of conducting an orientation program or workshop with regard to the requirements of this Manual.
- 4.2. A director shall, before assuming as such, be required to attend a seminar on corporate governance conducted by a duly recognized private or government institute.
- 4.3. Directors and officers shall attend annual continuing training on corporate governance and other matters. The Corporation shall assess its own training and development needs in determining the coverage of the continuing training program.

5. REPORTORIAL OR DISCLOSURE SYSTEM OF CORPORATION'S CORPORATE GOVERNANCE POLICIES

- 5.1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer, Assistant Compliance Officer, or Corporate Secretary.
- 5.2. All material information about the Corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, and related party transactions. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.
- 5.3. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.
- 5.4. All material information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

- 5.5. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.
- 5.6. All directors and officers must disclose/report to the Corporation any dealings in the Corporation's shares within three business days.
- 5.7. 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.

6. CODE OF BUSINESS CONDUCT AND ETHICS

The Board shall adopt a Code of Business Conduct and Ethics ("Code"), which shall provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the Corporation website.

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

7. RELATED PARTY TRANSACTIONS

The Corporation shall disclose the following details for a related party contract:

- (a) the nature of the related party relationship;
- (b) the type of transaction (e.g. supply or services contract, loans, guarantees);
- (c) the total amounts payable and receivable in the transaction from or to the related party;
- (d) the elements of the transaction necessary to understand the Corporation's financial statements.

The Corporation shall also disclose its transactions in which related persons, such as directors, officers, substantial shareholders or any of their immediate families have a direct material interest, such as the related person's beneficial ownership of the counter party or share in the profits, bonus, or commissions out of the transaction.

No disclosure is needed for any transaction where:

- (a) The transaction involves services at rates or charges fixed by law or governmental authority;
- (b) The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;
- (c) The amount involved in the transaction or a series of similar transactions has an aggregate value of less than PhP2,500,000; or
- (d) The interest of the person arises solely from the ownership of securities of the registrant and the person receives no extra or special benefit that was not shared equally (pro rata) by all holders of securities of the class.

In compliance with the provisions of the Corporation Code, a contract of the Corporation with one or more of its directors or officers must be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock if any of the following conditions are absent:

- (a) The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting.
- (b) The vote of such director was not necessary for the approval of the contract.

Full disclosure of the adverse interest of the directors or officers involved must be made at the stockholders' meeting and the contract must be fair and reasonable under the circumstances.

Furthermore, the Corporation must comply with the provision of the Corporation Code which requires a contract between two or more corporations having interlocking directors, where (i) the interest of the interlocking director in one corporation is substantial and his interest in the other corporation is merely nominal, and (ii) any of the following conditions are absent:

- (a) The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting
- (b) The vote of such director was not necessary for the approval of the contract

to be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation where the interlocking director's interest is nominal. Similarly, full disclosure of the adverse interest of the interlocking director/s involved must be made at the stockholders' meeting and the contract must be fair and reasonable under the circumstances. Stockholdings exceeding twenty (20%) percent of the outstanding capital stock shall be considered substantial for purposes of interlocking directors.

In accordance with the Corporation Code, management contracts entered into by the Corporation with another corporation must be approved by the Board and by stockholders owning at least the majority of the outstanding capital stock, of both the managing and the managed corporation, at a meeting duly called for the purpose. Where a stockholder or stockholders representing the same interest of both the managing and the managed corporations own and control more than one-third (1/3) of the total outstanding capital stock entitled to vote of the managing corporation; or where a majority of the members of the Board of the managing corporation also constitute a majority of the members of the Board of the managed corporation, then the management contract must be approved by the stockholders of the managed corporation owning at least two-thirds (2/3) of the total outstanding capital stock entitled to vote. Furthermore, no management contract shall be entered into for a period longer than five years for any one term.

The Audit and Risk Committee shall review material related party transactions of the Corporation, to determine whether they occur at market prices and at arm's-length basis, under conditions that protect the rights of all stockholders, and, on a case-to-case basis, recommend that these transactions be ratified by the stockholders

8. SHAREHOLDERS' RIGHTS

The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its stockholders:

8.1 Stockholders' Rights and Protection of Minority Stockholders' Interests

The Board shall be committed to respect the following rights of the stockholders:

8.1.1. Voting Right

- (i) Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- (ii) Cumulative voting shall be used in the election of directors.
- (iii) A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

8.1.2. Pre-emptive Right

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

8.1.3. Power of Inspection

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

8.1.4. Right to Information

- (i) The Shareholders shall be provided, upon request, with the reports filed by the Corporation with SEC that disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.

- (ii) The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes. As of date of this Manual, the By-Laws of the Corporation provides that shareholders representing at last ten percent (10%) of the outstanding capital stock of the Corporation may request the holding of a special shareholders' meeting.
- (iii) The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and which concerns the stockholders making the request, provided that such right shall be subject to existing law and contract. A report on the information pertaining to such matters may be included in the agenda of any meeting of the shareholders.
- (iv) If such not included in the agenda, then the minority shareholders shall be allowed to propose to include such matters in the agenda of shareholders' meeting, such item in the agenda will be considered as being within the definition of "legitimate purposes".

8.1.5. Right to Dividends

- (i) Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- (ii) The Corporation is required to declare dividends when its retained earnings exceeds 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

8.1.6. Appraisal Right

The shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

8.2 Duty of the Board to Promote Rights of Stockholders

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should 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 bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, 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 stockholders' meaningful participation in meetings, whether in person or by proxy

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

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

9. MONITORING AND ASSESSMENT

- 9.1. The Audit and Risk Committee shall report to the Board at such times as the Board may reasonably require.
- 9.2. This Manual shall be reviewed quarterly unless the Board provides otherwise.
- 9.3. All current business processes and practices being performed within any department or business unit of Corporation that are not consistent with this Manual shall be revised to comply with the requirements of this Manual.
- 9.4. The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator.

10. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL


- 10.1. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing:
 - In case of first violation, the subject person shall be reprimanded.

- Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
 - For third violation, the maximum penalty of removal from office shall be imposed.
- 10.2. The commission of a third violation of this Manual by any member of the board shall be a sufficient cause for removal as director.
- 10.3 The Compliance Officer shall recommend to the Board the procedure for determining whether violations of this Manual have been committed. Such procedure must observe the principle of due process, particularly the requirements of prior notice and hearing.

The Compliance Officer shall decide whether any violation of this Manual has been committed and shall recommend to the Chairperson of the Board the imposable penalty for such violation, for further review and approval by the Board.

As approved by the Board of Directors on 15 May 2017.

Signed:



TAN KIAN SENG
Chairman of the Board



YAM KIT SUNG
Compliance Officer