

A BROWN COMPANY, INC.

**REVISED MANUAL ON
CORPORATE GOVERNANCE**

Effective 31 May 2017

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REVISED MANUAL ON CORPORATE GOVERNANCE

A BROWN COMPANY, INC.

A Brown Company, Inc. (the “Company”) promulgated this Revised Manual on Corporate Governance (the “Manual”) which provide the framework of rules, systems and processes that governs the performance of the Board of Directors (also referred to as the “Board”) and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.

The Board of Directors and Management, i.e. officers and staff, of A BROWN COMPANY, INC. hereby commit themselves to the principles and best practices contained in this Revised Manual, and acknowledge that the same may guide the attainment of our corporate goals. In pursuit of transparency, accountability, fairness and integrity, this manual on corporate governance was approved and adopted by the Board of Directors on 31 May 2017.

A. OBJECTIVE

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

The Board of Directors and Management, employees and shareholders, believe that corporate governance is an important and necessary component of sound business management and will therefore undertake to nurture and maintain awareness within the organization.

B. RULES OF INTERPRETATION

- 1.) All references to the masculine gender in the salient provisions of this manual shall likewise cover the feminine gender.
- 2.) All doubts or questions that may arise in the interpretation of application of this Code shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders, and other stakeholders of the corporation.

C. DEFINITION OF TERMS

a. **Corporate Governance.** The system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and Senior Management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

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

b. **Board of Directors.** The governing body elected by the stockholders that exercises the corporate powers of the Corporation, conducts all its business and controls its properties.

c. **Exchange.** An organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities.

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

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

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

g. **Non-Executive Director.** A director who has no executive responsibility and does not perform any work related to the operations of the corporation.

h. **Non-Audit Work.** The other services offered by an external auditor to the Corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor.

i. **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.

j. **Internal Audit.** An independent and objective assurance activity designed to add value to and improve the Corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.

k. **Internal Audit Department.** A department of the Corporation that provides independent and objective assurance services in order to add value to and improve the Corporation's operations.

l. **Enterprise Risk Management.** A process, effected by an entity's Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

m. **Related Party.** Shall cover the Company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Company exerts direct or indirect control over or that exerts direct or indirect control over the Company; the Company's 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 Company.

n. **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 shall 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.

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

I. THE BOARD'S GOVERNANCE RESPONSIBILITIES

1. Establishing a Competent Board

Compliance with the principles of good corporate governance shall start with the Board of Directors. 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, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

1.1. Board Composition

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

The Board shall be composed of nine (9) directors, or such number of Directors as shall be provided in the Articles of Incorporation, duly elected by the stockholders entitled to vote in accordance with the By-Laws, the Corporation Code and Securities Regulation Code. The directors shall be elected annually by the stockholders at the annual meeting and shall hold office until their successors are elected and qualified unless removed from office as provided by law. If any vacancy shall occur among the directors by death or from any other cause, such vacancy may be filled by vote of the majority of the directors constituting a quorum at any directors meeting. The remaining directors shall continue to act, but if at any time their number be reduced to less than a majority, the vacancies shall be filled by the stockholders at a special meeting called for the purpose.

Directors may be removed and the vacancies so caused shall be filled in a manner as prescribed by law.

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 lesser but in no case less than two (2) or in such minimum number as may be mandated by the Securities and Regulation Code and its implementing rules and regulation.

1.1.2. - The Board should, in general, be composed of executive and non-executive directors, a majority of whom are non-executive directors which include the independent 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.

1.1.3. - The Board shall encourage the selection of a mix of competent directors each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies. A diverse Board promotes different perspectives and ideas and mitigates groupthink to achieve optimal decision-making. Board diversity is not limited to gender diversity but also includes diversity in age, ethnicity, culture, skills, competence and knowledge.

1.2. Corporate Secretary

1.2.1. - The Corporate Secretary is an officer of the company and shall not be a member of the Board of Directors. He shall annually attend a training on corporate governance. He is primarily responsible to the Corporation and its shareholders, and not to the Chairman or President of the Company. As such, a high level of competence and dedication to duty is expected of him. He must be loyal to the mission, vision and objectives of the Company.

1.2.2. - The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines.

1.2.3. - Considering his varied functions and duties, he must possess some level of competence not only in legal matters but also in other areas deemed necessary for him to perform the tasks assigned to him. He must possess appropriate administrative, interpersonal and legal skills, be aware of the laws, rules and regulations necessary in the performance of their duties or responsibilities. He must also have a working knowledge of the operations of the company.

1.2.4. Duties and Responsibilities

- 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;
- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
- 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;
- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations. Work fairly and objectively with the Board, management, stockholders, and other stakeholders 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;

- Advises on the establishment of board committees and their terms of reference;
- 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;
- Attend all Board meetings except when justifiable causes and maintain record of the same;
- Performs required administrative functions;
- Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements;
- Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- Validate and count the votes and proxies with the assistance from the Board of Canvassers in accordance with the By-laws;
- Delegate to his Assistant Corporate Secretary other duties that are allowed or as provided in the Company's By-laws;
- Performs such other duties and responsibilities as may be provided in the Company's By-laws and issuance by the Securities and Exchange Commission (SEC).

1.3. Compliance Officer

1.3.1. - To insure adherence to corporate principles and best practices, the Board of Directors should appoint a Compliance Officer who should have a rank or position with adequate stature and authority in the Corporation. The Compliance Officer should not be a member of the Board of Directors and should attend a training on corporate governance.

The Compliance Officer is a member of the company's management team in charge of the compliance function. Similar to the Corporate Secretary, he/she is primarily liable to the corporation and its shareholders, and not to the Chairman or President of the Company.

1.3.2. - The Compliance Officer shall perform the following duties:

- Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);

- Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- Reports the matter to the Board if violations are found and after notice and hearing, recommends the imposition of appropriate disciplinary action on the responsible parties subject to review and approval of the Board and the adoption of measures to prevent a repetition of the violation;
- Ensures the integrity and accuracy of all documentary submissions to regulators;
- Appear before the Securities and Exchange Commission upon summons on matters relative to corporate governance that need to be clarified and/or in relation to compliance with this Code;
- Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- Identifies possible areas of compliance issues and works towards the resolution of the same;
- Ensures the attendance of board members and key officers to relevant trainings
- Issue an Annual Corporate Governance Report (ACGR) that is duly signed by the Chairman of the Board, the President and/or Chief Executive Officer, Independent Directors and the Compliance Officer of the Company every five (5) years or for every period as maybe required by the Securities and Exchange Commission (SEC).
- Identify, monitor and control compliance risks.
- Performs such other duties and responsibilities as may be provided by the SEC

1.3.3. - The appointment of the compliance officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to the said Officer.

2. Establishing Clear Roles and Responsibilities of the Board

2.1. Board of Directors

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

2.1.1. General Responsibility of the Board

The Board of Directors, who is the authority in matters of governance and in managing the business of the Corporation, is

responsible to promote and adhere to the principles and best practices of corporate governance and shall exercise its powers and duties in the best interest of the Corporation, its shareholders and other stakeholders.

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.

2.1.2. Specific Duties and Functions of the Board

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 Company and all shareholders. To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall have, among others, the following duties and responsibilities:

- The Board should oversee the development of and direct the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength.
- The Board should be headed by a competent and qualified Chairman.
- The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include adopting a policy on the retirement age of key officers as part of management succession and to promote dynamism in in the Corporation.
- The Board should align the policy on the remuneration of key officers and Board members with the long-term interests of the Company. Remuneration should be competitive to the business climate. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration.
- The Board should disclose in this Manual a formal and transparent board nomination and election policy that shall include how it accepts nominations from minority shareholders and reviews nominated candidates. This policy shall also 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 shall be aligned with the strategic direction of the Company.
- The Board should have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee

fairness and transparency of the transactions. The policy shall encompass all entities within the ABCI Group, taking into account their size, structure, risk profile and complexity of operations.

- The Board should be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads in the areas of risk, compliance and audit.
- 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.
- The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board should also approve the Internal Audit Charter. It shall adopt a system of internal checks and balances;
- The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. It should identify key risk areas and key performance indicators and monitor these factors with due diligence;
- The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the Company's website;
- The Board should ensure to the best of its ability that the Corporation complies with all relevant laws, regulations and codes of best business practices. It should continue to keep Board actions within the powers of the institution as prescribed in the Articles of Incorporation, By-laws and existing laws, rules and regulation;
- The Board should identify the corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;
- The Board should review at appropriate intervals the company's list of stakeholders, its manner and frequency of communicating with them, appropriate to the size of the company, its number of shareholders, the complexity and variability of its operations, to ensure the optimum system of informing them of corporate developments consistent with the company's financial capability;

- The Board should properly discharge Board functions by meeting regularly. Independent views during Board meetings shall continue to be given due consideration. The minutes of all meetings shall be duly recorded to the degree appropriate; and
- Other duties and responsibilities as may be assigned by the SEC.

2.1.3. Duties and Responsibilities of a Director

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

A director shall have the following duties and responsibilities:

- To conduct fair business transactions with the Corporation and to ensure that personal interest does not (bias Board decisions) 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 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.

- To devote time and attention necessary to properly (discharge) 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 committee materials and, if called for, ask questions or seek explanation.

- To 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.

- To 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.

- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.

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

- To 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.

- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

2.2. Chairman of the Board

2.2.1. The Board shall be headed by a competent and qualified Chairman. The roles and responsibilities of the Chairman include, among others, the following:

- a.) Ensures that the meetings of the Board are held in accordance with the Corporation's By-Laws;
- b.) 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;
- c.) Guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;
- d.) Facilitates discussion on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- e.) Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- f.) Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;
- g.) Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on; and
- h.) Maintains qualitative and timely lines of communication and information between the Board and Management.

2.2.2. The roles of the Chairman and the President should be separate to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

2.3. Nomination and Election of Board of Directors

2.3.1. The Corporate Secretary should set a reasonable period for the submission of nominations of candidates for election to the Board of Directors. All nominations for directors submitted in writing to the Corporate Secretary within such nomination period shall be valid. A stockholder of record, including a minority stockholder, entitled to notice of and vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated as a director.

2.3.2. The Company may engage the services of professional search firms or use other external sources of candidates when searching for candidates to the Board of Directors.

2.3.3. The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors based on the letter-nominations received by the Corporate Secretary from the pool of candidates submitted by the nominating stockholders. The Nomination Committee shall prepare a Final List of Candidates after considering the qualifications and disqualifications of the nominees as prescribed under the Securities and Regulation Code, the Corporation Code and as provided in Annex "I" hereof. The said list shall contain all the information about these nominees. Only nominees qualified by the Nomination Committee and whose names appear on the Final List of Candidates shall be eligible for election as Directors or Independent Directors. Nominations shall not be accepted on the floor during the annual stockholders' meeting.

2.3.4. Based on the Final List of Candidates, directors are elected by shareholders who are entitled to elect such number of members of the Board of Directors indicated in the Articles of Incorporation. Each stockholder may vote such number of shares for as many as such number of members of the Board of Directors he may choose to be elected from the list of the nominees, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

2.3.5. To preserve the integrity of the election process, the Corporation may employ the services of an independent external party to validate the voting results.

2.4. Board Meetings

2.4.1. Members of the Board shall attend regular and special meetings of the Board in person or via teleconference or

videoconference or by any other technological means allowed by the Commission.

2.4.2. The Board, may, to promote transparency, require the presence of at least one independent director in all of its meetings. However, the absence of an independent director shall not affect the quorum requirements if he is duly notified of the meeting but notwithstanding such notice he fails to attend.

2.4.3. The directors shall act only as a Board and individual directors shall have no power as such. A majority of the whole number of directors shall constitute a quorum for the transaction of business and every decision of a majority of a quorum assembled as a board shall be valid as a corporate act. In the absence of a quorum, one or more directors present at the time and place for which a meeting shall have been called may adjourn any meeting from time to time until a quorum shall be present.

2.4.4. The Board of Directors shall meet at least quarterly. Board Meetings are scheduled in advance before the beginning of the year. However, the schedule may be subject to change if need be with the consensus of the members of the Board and the notice of such change to be sent on time.

2.5. Compensation of Directors

2.5.1. Directors as such shall receive such compensation for their services as may be from time to time fixed by the stockholders or provided in the Corporation's By-Laws. In the absence of any provision in the By-Laws fixing their compensation, the directors shall not receive any compensation, as such directors. No director shall participate in the approval of his compensation. However, the Board may, from time to time, approve a reasonable per diems that a director may receive for attendance in Board and Board Committee Meetings.

3. Establishing Board Committees

Board Committees should be set up to the extent possible to support the effective performance of the Board functions. The composition, functions and responsibilities of all Board Committees being established should have its own Board Committee Charter.

3.1. Board Committees

To aid in complying with the principles of good corporate governance and to focus on specific Board functions for optimal performance of its roles and responsibilities, the Board should constitute the following Committees: Nomination Committee, Compensation and Remuneration Committee, Audit and Risk Oversight Committee, Corporate Governance Committee, Executive Committee and Committee on Corporate Culture and Values Formation. Subject to the Corporation's size, risk profile and complexity of operations, the Board may form other committees, such as Related Party Transactions Committee including an Advisory Board/Committee, or may subsume other Committee as sub-committee of another as it may deem appropriate.

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

The Board shall appoint the Members and Chairman (from among the members) of each Board Committee following the annual meeting of stockholders at which the directors are elected. In case of any vacancy in the Board Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board subject to the provision of its Committee Charters.

3.1.1. Nominations Committee

The Nominations Committee shall have at least three (3) voting (one of whom must be independent), to 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. The inclusion of (1) one nonvoting Director in the person of the HR Director/Manager, or an equivalent position may be considered at such time as the size of the corporation and its scale of operations so require.

The Charter of the Nominations Committee is attached as Annex "A" hereof.

3.1.2 Compensation and Remuneration Committee

The Compensation and Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and business environment in which it operates.

The Charter of the Compensation and Remuneration Committee is attached as Annex "B" hereof.

3.1.3 Audit Committee

The Audit Committee's primary function is to enhance the Board's oversight capability over the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations. It shall be composed of at least three (3) non-executive members of the Board, the majority of whom, including the Chairman, shall be independent. The Chairman shall not be the Chairman of the Board and of other Board Committees. Each member shall have adequate understanding at least or competence at most of the Corporation's financial management systems and environment particularly, in the areas of accounting, audit and finance.

The Charter of the Audit Committee is attached as Annex "C" hereof.

3.1.4. Risk Oversight Committee

The Risk Oversight Committee shall be responsible for the oversight of the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. It shall be composed of at least three (3) members, majority of whom shall be independent directors including the Chairman who is not at the same time the Chairman of the Board or as practicable, of any other Board Committee. At least one member of the Committee shall have adequate and competent understanding and experience on risk management principles and practices, in addition to thorough knowledge of the Company's business and industry in which it operates.

The Charter of the Risk Oversight Committee is attached herewith as Annex "D".

3.1.5. Corporate Governance Committee

The Board should establish a Corporate Governance Committee that should be tasked to assist the Board in the performance of its corporate governance responsibilities. It should be composed of at least three members, majority of whom should be independent directors, including the Chairman. Each member shall have adequate understanding of corporate governance principles and adherence to best governance practices.

The establishment of a Corporate Governance Committee by the Board does not preclude the Company from establishing separate Remuneration or Nomination Committees or having subsumed these as sub-Committee, if the Board deemed necessary.

The Charter of the Corporate Governance Committee is attached as Annex "E" hereof.

3.1.6. Executive Committee

The executive committee shall be composed of at least three (3) members of the Board. The Chairman of the Board shall be the Chair of the Committee. The other members of the Committee shall be appointed annually by the Board on the recommendation of the Governance Committee.

The Executive Committee shall have the power to act or such specific matters within the competence of the Board, as may be delegated to it by the Board, except with respect to: (1) the approval of any action for which shareholders approval is also required; (2) the filling of vacancies in the Board; (3) the amendment or repeal of By-laws or the adoption of new By-laws; (4) the amendment or repealable and (5) a distribution of cash dividends to the shareholders, among others.

The Charter of the Executive Committee is attached as Annex "F" hereof.

3.1.7. Committee on Corporate Culture and Values Formation

The Committee on Corporate Culture and Values Formation shall be composed of at least three (3) members of the Board. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee on Corporate Culture and Values Formation shall have the authority to: (1) formulate strategies that will foster, imbibe, translate & institutionalize into action plans the corporate vision, mission & core values; (2) provide policy guidance and facilitate compliance with good corporate governance, code of ethics & business practices; (3) look into ways to continuously enhance high standard of business conduct and ethics; (4) adopt a process to insure the committee members revisit/review the vision, mission & core values statements periodically and (5) such other functions that are necessary, implied and incidental to the exercise of the authority/responsibility so conferred.

The Charter of the Committee on Corporate Culture and Values Formation is attached as Annex "G" hereof.

3.1.8. Related Party Transaction (RPT) Committee

The Related Party Transactions Committee should be tasked with reviewing all material related party transactions (RPT) of the Company. It shall be composed of at least three (3) non-executive directors, the majority of whom, including the Chairman, should be independent. Each member shall have adequate and competent knowledge of the Company's business and industry in which it operates.

The Charter of the Related Party Transaction (RPT) Committee is attached as Annex "H" hereof.

4. Fostering Commitment

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

4.1. Attendance and Active Participation in Meetings

The directors shall have the responsibility to attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes.

4.2. Multiple Board Seats

4.2.1. A director shall exercise due discretion in accepting and holding directorships outside of the Corporation. The director shall

notify the Board where he/she is an incumbent before accepting a directorship in another company.

4.2.2. Non-executive directors including independent directors may concurrently serve as directors to a maximum of five (5) board seats in publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company. In any case, the capacity of directors to serve with diligence and commitment shall not be compromised.

The Board may consider in the adoption of guidelines on the number of directorships that its members can hold in publicly-listed corporations in the Philippines, the ability of the director to diligently and efficiently perform his duties and responsibilities and the nature and kind of corporations he may be a director of including age and physical capacity of the director. The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

5. Reinforcing Board Independence

The board shall endeavor to exercise an objective and independent judgment on all corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balancing of competing demands of the Corporation.

5.1. Independent Directors

5.1.1. The Board should, in accordance with the law, have at least two (2) independent directors or such number as to constitute twenty percent (20%) of the entire membership, whichever is less but in no case less than two (2) or the number as may be prescribed by the Securities and Exchange Commission. Nonetheless, it will endeavor on best effort basis to have more such independent directors.

5.1.2. An independent director of the Corporation must possess the necessary qualifications and none of the disqualifications for an independent director to hold the position. Independent directors need to possess a good general understanding of the industry they are in. He must be independent of Management, substantial shareholdings and material relations, whether it be business or otherwise, which could reasonably be perceived to impede the performance of independent judgment.

The qualifications of independence and competence and stature would enable the independent directors to effectively and objectively participate in the deliberations of the Board.

The qualifications and disqualifications for an independent director are shown on "Annex I".

5.1.3. The Board's independent directors shall serve for a maximum cumulative term of nine years*. After which, the independent director shall be perpetually barred from re-election as such in the

Company but may continue to qualify for nomination and election as a non-independent director. In the instance that the Company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting. (**Reckoning of the cumulative nine-year term is from 2012 per SEC Memorandum Circular No. 4, Series of 2017.**)

5.2. Lead Director

5.2.1. The Board should designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person. This lead director should have sufficient authority to lead the Board in cases where management has clear conflicts of interest.

5.2.2. 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.

5.3. Chief Executive Officer

5.3.1. In general, the positions of Chairman of the Board and Chief Executive Officer should be held by separate individuals and each should have clearly defined responsibilities. The positions being held by different individuals would avoid conflict or a split Board and would foster an appropriate balance of power, increased accountability and better capacity for independent decision-making.

5.3.2. 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; and
- j.) Other duties and responsibilities are provided in the Risk Oversight Committee Charter.

5.4. Directors with Material Interest On Related Party Transactions

A director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same. The abstention of a director from participating in such meetings when related party transactions, self-dealings or any transactions on which the director has material interest ensures that he has no influence over the outcome of the deliberations and observed the principle that the director does not use his position to profit or gain some benefit or advantage for himself and/or related interests.

5.5. Non-executive Directors' Meeting Without Executive Directors' Presence

The non-executive directors (NEDs) shall 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 shall be chaired by the lead independent director.

6. Assessing Board Performance

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

6.1. The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. As it deemed practicable, the assessment with the use of an external facilitator such as consulting firm, academic institution or professional organization may be conducted every three (3) years.

6.2. 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, and Board Committees. This system should allow for a feedback mechanism from the shareholders.

7. Strengthening Board Ethics

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

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

7.2. The Board should ensure proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. To ensure compliance, an efficient communication channels are available which aid and encourage employees, customers, suppliers and creditors to raise concerns on potential unethical/unlawful behavior without fear of retribution.

The Company's Code of Business Conduct and Ethics should be made effective and inculcated in the Company's culture through a communication and awareness campaign, continuous training to reinforce the code, strict monitoring and implementation and setting in place proper avenues where issues may be raised and addressed without fear of retribution.

The communication channels to raise concerns are embodied in the Company's Whistle-Blower Policy, a copy of which is attached hereto as "Annex J".

II. DISCLOSURE AND TRANSPARENCY

8. Enhancing Company Disclosure Policies and Procedures

The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

8.1. Corporate disclosure policies and procedures shall be in place to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders to give a fair and complete picture of the Company's financial condition, results and business operations.

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;

8.2. The Company shall have a policy requiring all directors and officers to disclose/report to the Company any dealings in the Company's shares within three business days or at an earlier time as the Board of Directors may prescribe.

This requirement is embodied in the Company's Insider Trading Policy, a copy of which is attached hereto as "Annex K".

8.3. The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience

and qualifications, and assess any potential conflicts of interest that might affect their judgment.

8.4. The Company should provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report.

8.5. The Company should provide disclosure of its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in the Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year shall be disclosed in its Annual Corporate Governance Report.

8.6. A full, fair, accurate and timely disclosure shall be made to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders, i.e., anything that could potentially affect share price, shall be publicly disclosed.

Such material information shall include earnings results, acquisition or disposal of assets, if the amount of such acquisition or disposal shall involve a significant effect on the financial structure of the company or is not be in the normal course of business. Board changes, related party transactions, changes in the shareholdings of directors especially material changes such as to affect management and or ownership control of the business must be disclosed.

Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management. Major changes in corporate strategy, and off balance sheet transactions, the size of which has a significant effect on the business should always be disclosed.

Moreover, the Board of the offeree Company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

8.7. In compliance with Section 4.2 of the Revised Disclosure Rules of the Philippine Stock Exchange (PSE) entitled “Selective Disclosure of Material Information”, directors, officers and staff shall likewise observe the following:

“An Issuer is prohibited to communicate material information non-public information about the Issuer to any person, unless the Issuer is ready to simultaneously disclose the material non-public information to the Exchange. This rule does not apply if the disclosure is made to:

- a. A person who is bound by duty to maintain trust and confidence to the Issuer such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and
- b. A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

The issuer shall establish and implement internal controls that will ensure that its officers, staff and any other person who is privy to the material non-public information shall comply with the requirement of this rule.

The company being a listed company, if selectively disclosing material non-public information to securities analysts, institutional investors or other third parties who do not fall under letters a and b above, ahead of the general public, shall be considered as violating this exchange rule.

8.8. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the company's website and annual report.

8.9. The corporate governance policies, programs and procedures shall be submitted to the regulators and posted on the Company website.

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

9. Strengthening The External Auditors Independence and Improving Audit Quality

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

9.1. External Auditor

The external auditor shall enable an environment of sound corporate governance as reflected in the financial records and reports of the company. The external auditor shall undertake an independent audit and provide an objective assurance on the matter by which the Company's financial statements have been prepared and presented.

9.1.1. The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal and fees of the external auditor. The appointment, reappointment, removal and fees of the external auditor shall be recommended by the Audit Committee from the pool of duly accredited independent external auditor by the SEC, approved by the Board and ratified by the shareholders.

For removal (resignation, dismissal or cessation from service) of the external auditor, the reasons for removal or change and the date thereof shall be disclosed to the regulators and the public through the Company website and required disclosures. The same shall be reported in the company's annual reports.

The said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The external auditor or the lead partner thereof primarily responsible for the audit of the Company or the review thereof shall be rotated or changed at least one every five (5) years or the number of years prescribed by the SEC.

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

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

The external auditor of the company shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor or shall not pose a threat to his independence.

10. Increasing Focus on Non-Financial and Sustainability Reporting

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

There shall be an established policy on the disclosure of material and reportable non-financial and sustainability issues, with emphasis on the management of economic, environmental, social and governance (EESG) issues of the business using a globally recognized standard/framework.

11. Promoting A Comprehensive and Cost-Efficient Access to Relevant Information

The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information to its shareholders and other investors. This channel is crucial for timely and informed decision-making by investors, stakeholders and other interested users. These shall include, but not limited to, Company website, media and analyst briefings.

III. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

12. Strengthening The Internal Control System and Enterprise Risk Management Framework

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

12.1. Adequate and Effective Internal Control System

The Company shall have an adequate and effective internal control system and enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of its operations.

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 for the benefit of all stockholders and other stakeholders.

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; 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.

12.2. Internal Auditor

The Company shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Company's operations. The internal audit function shall provide with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

The Internal Auditor shall report functionally to the Audit Committee.

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.

The functions of the Internal Audit include, among others, the following:

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 Company'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 Company;
- 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.

A company's internal audit activity may be fully resourced activity housed within the organization or may be outsourced to qualified independent third party service providers.

In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel shall be assigned the responsibility for managing the fully outsourced internal audit activity.

The following are the responsibilities, among others:

- a.) Periodically reviews the Internal Audit Charter and presents it to Senior Management and the 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; and
- f.) Presents findings and recommendations to the Audit Committee and gives advice to Senior Management and the Board on how to improve internal processes.

12.3. Enterprise Risk Management (ERM)

The Company shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures.

12.3.1. The risk management function involves the following activities, among others:

- a.) Defining a risk management strategy;
- b.) Identifying and analyzing key risk exposures 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 Company'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 Company, 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 Risk Oversight Committee; and
- g.) Monitoring and evaluating the effectiveness of the organization's risk management processes.

12.3.2. Department Heads

In managing the Company's Risk Management System, the Company's Department Heads are responsible for every risk that their respective department are exposed into.

The department heads have 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. The process of evaluating the significant risks facing the Company can be done by: (a) identifying and describing the potential risks; (b) ranking each risks according to probability and impact; (c) determining the type of control measures required; (d) assessing the residual risk after implementation of control measures; (e) allocating an owner to the residual risk; (f) communicating the results and (g) monitoring, reviewing and communicating at regular defined intervals.
- b.) Communicates the top risks and the status of the implementation of risk management strategies and action plans to the Risk Oversight Committee with adequate information especially when key risk indicators are emerging and be closely monitored on a regular basis;
- c.) Collaborates with the CEO in updating and making recommendations to the Risk Oversight Committee;
- d.) Suggests ERM policies and related guidance, as may be needed; and
- e.) Provides insights on the following:
 - i. Risk management processes are performing as intended;
 - ii. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - iii. Established risk policies and procedures are being complied with.
- f.) Coordinates with the Internal Auditor with regard to the implementation of risk management policies vis-a-vis the maintenance of effective and efficient internal control system as a feedback mechanism.

IV. CULTIVATING A SYNERGISTIC RELATIONSHIP WITH SHAREHOLDERS

13. Promoting Shareholder Rights

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

13.1. Removal of Impediments to Encourage Exercising Shareholder's Rights

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights in accordance with applicable laws.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the company. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. Stockholders should be encouraged to personally attend such meetings and they should be apprised ahead of time of their right to appoint a proxy in case they could not personally attend such meeting. The exercise of that right should not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor, subject to the requirements of applicable laws, regulations and the By-laws.

The Board shall be instrumental in removing excessive or unnecessary costs and other administrative or practical impediments to shareholders' participation in meetings and/or voting in person or by proxy. Relevant 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. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints, and subject to the financial capability of the corporation.

13.2. Notice of Annual Shareholders' Meeting

In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting or as prescribed by the SRC Rules issued by the SEC. The Notice include, among others, the date, location, meeting agenda and its rationale and explanation and details of issues to be deliberated on and approved or ratified at the meeting. The Notice shall be posted on the website.

13.3. Results of the Votes and Minutes of the Annual Meeting

The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.

13.4. Shareholders' Rights

The Board shall commit to respect the following rights of the stockholders as provided for in the Corporation Code as well as the Articles of Incorporation, By-laws and all resolutions adopted by the Board:

13.4.1. Voting Rights

a. Stockholders shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. The nomination process and voting procedures are expected to be discussed clearly by the Board through the Notice to be sent to all stockholders entitled to vote. The Company should fully and promptly disclose all information regarding the experience and background of candidates to enable the shareholders to study and conduct their own background check as to candidates' qualification and credibility.

b. Cumulative voting shall be used in the election of directors.

c. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

13.4.2. Pre-emptive Right

All stockholders shall have preemptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to increases in 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.

13.4.3. Right of Inspection

All shareholders shall be allowed to inspect 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.

13.4.4. Right to Information

a. The shareholders shall be provided, upon request, with periodic reports which disclose relevant 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. Such information is found in the annual report.

b. The shareholders including minority and foreign shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the shareholders' meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

Such requests shall be addressed to the Chairman who shall

agenda the request for the next board meeting. As in the request for information, the Board shall act on the request and if it does not grant the same, it shall inform the shareholder and the SEC of its action.

Any shareholder not satisfied with this action may bring this matter to the attention of the shareholders under other matters during the annual meeting, in which case the final decision on whether or not to deliberate on the matter will be exercised by the shareholders.

c. The minority shareholders shall have access to any and all information relating to matters for which the Management is accountable, and to those relating to matters for which the Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice. The information that will be provided shall not include details of corporate strategy, proprietary formulations, or similar matters, which if revealed to competitors would cause the company harm.

Such requests for information shall be addressed to the Chairman of the Board who is required to refer such requests to the management at the next Board meeting. The Board shall decide on whether or not to grant the request. If, in the opinion of the Board, it considers the request for information as unreasonable or may have adverse effect on the corporation, it shall so inform the requesting shareholder, copy furnished the SEC.

13.4.5. Right to Dividend

a. Shareholders shall have the right to receive dividends subject to the discretion of the Board.

b. The Corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital, except:

i. When justified by definite corporate expansion projects or programs approved by the Board; or

ii. 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

iii. 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.

13.4.6. Appraisal Right

a. 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:

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

ii. 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

iii. In case of merger or consolidation.

13.5. Alternative Dispute Resolution System

It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner.

As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.

13.6. Investor Relations Office

The Company shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting. The IRO is an avenue to receive feedback, complaints and queries from shareholders to assure their active participation with regard to activities and policies of the Company.

V. DUTIES TO STAKEHOLDERS

14. Respecting Rights of Stakeholders and Effective Redress For Violation of Stakeholder's Rights

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.

14.1. The Board shall identify the Company's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability. The Company's stakeholders include but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community the company operates in, society, the government, regulators, competitors, external auditors, etc.

14.2. The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

14.3. The Board shall adopt a transparent framework and process that allows stakeholders to communicate with the Company and to obtain redress for the violation of their rights.

15. Encouraging Employee's Participation

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

15.1. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance. These policies and programs, among others, may be in the areas of health, safety and welfare, training and development, rewards/compensation for employees.

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

15.3. The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

The Company's Whistle-Blower Policy is attached hereto as "Annex J".

16. Encouraging Sustainability and Social Responsibility

The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and

stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

16.1. The Company shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates. In considering sustainability concerns, the Company plays an indispensable role alongside the government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

VI. COMMUNICATION, TRAINING, MONITORING AND ASSESSMENT

17. Communication Process

17.1. This manual shall be available for inspection by any stockholder of the Corporation at the company's head offices during regular office hours on business days subject to such express limitations provided by the Corporation Code and other relevant laws, circulars, rules and regulations.

17.2. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of the contents of this Manual to all employees and related third parties and to likewise enjoin continuing compliance.

17.3. An adequate number of printed copies of this Manual must be reproduced with a minimum of at least one (1) hard copy of the Manual per operating division.

18. Training Process

18.1. If necessary, funds shall be allocated by the appropriate officer for the purpose of conducting an orientation program or workshop to improve the understanding of and fully implement this Manual.

18.2. A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute duly accredited by the Securities and Exchange Commission (SEC). Those directors who assumed office prior to the issuance of this manual shall comply with this requirement if they are to be considered for reelection. First-time directors in a publicly-listed company are required to attend an orientation program for at least eight (8) hours. The orientation program covers SEC-mandated topics on corporate governance and introduction to the company's business, Articles of Incorporation and Code of Conduct. It should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.

18.3. All key officers and members of the Board are enjoined or as may be required by the Securities and Exchange Commission (SEC), to attend, at least once a year, a continuing training program on Corporate Governance for at least four (4) hours conducted by training providers that are duly accredited by the Commission. The continuing program makes

certain that key officers and directors are continuously informed of the developments in the business and regulatory environments including emerging risks relevant to the company. It may cover courses on corporate governance matters including audit, internal controls, risk management, sustainability and strategy.

19. Monitoring and Assessment

19.1. Each Committee shall report regularly to the Board of Directors.

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

19.3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.

19.4. This Manual shall be subject to yearly review. The frequency of review as well as amendment of its provisions is the prerogative of the Board, subject to applicable rules and regulations of the PSE, the SEC, as well as pertinent provisions of law.

19.5. All business processes and practices being performed within any department or business unit of A Brown Company, Inc. that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

19.6 Policies recommended by concerned Board Committees and duly approved by the Board of Directors to effectively implement the principles and provisions of the Manual on Corporate Governance is considered part and parcel of this Manual. Periodic review of this Manual is to be undertaken to adopt new best corporate governance practices in order to make it relevant.

VII. SANCTIONS/PENALTIES TO ENFORCE COMPLIANCE

20. Penalties for Non-Compliance with the Manual

20.1. To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:

- 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.

20.2. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.


20.3. The Compliance Officer shall be responsible for determining violations through notice and hearing and shall recommend to the Chairman of the Board the penalty for such violation, for further review and approval of the Board.

APPROVAL AND EFFECTIVITY

This Manual on Corporate Governance has been revised and approved by the Board of Directors on May 31, 2017 and shall take effect immediately. Amendments to comply with the regulatory issuances of the Securities and Exchange Commission (SEC) shall be deemed adopted and effective upon the effectivity of the regulatory issuance.



ROBERTINO E. PIZARRO
Chairman of the Board



JASON C. NALUPTA
Compliance Officer

NOMINATION COMMITTEE CHARTER

The Nomination Committee advises the Board with respect to matters relating to the composition of the Board. The Board identifies individuals qualified to become Board members and, consistent with criteria reviewed by the Nomination Committee and approved by the Board, recommends to the Board nominees for director for approval at the next annual meeting of stockholders, including any incumbent directors.

I. Purposes

The purposes of the Nomination Committee (the “Committee”) is to identify individuals qualified to become members of the Board of Directors (the “Board”) and, consistent with criteria approved by the Board, recommend that the Board select the Director nominees for the next annual meeting of stockholders.

It shall prescreen and short list all candidates nominated to become a member of the board of directors in accordance with the qualifications criteria and grounds for disqualification provided in Annex “I” hereof.

In consultation with the executive or management committees, review at regular intervals and if so necessary redefine the role, duties and responsibilities of the Chief Executive Officer with the aim of maintaining at all times acceptable standards of good governance.

II. Membership

The Committee shall be composed of three or more Directors, one of whom shall be independent Directors as determined by the Board pursuant to the Securities and Exchange Commission’s definition of independence. The Chair and members of the Committee shall be appointed annually by the Board. Vacancies shall be filled by election by the Board, and any member of the Committee may be removed by the Board. The Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

III. Meetings

1. The Committee shall meet in accordance with the annual meeting schedule or at the call of the Chair or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

2. Procedures fixed by the Committee shall be subject to any applicable provision of the Company’s By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting and shall be accompanied by any recommendations to the Board approved by the Committee.

IV. Key Responsibilities

1. Develop and recommend for approval by the Board a set of criteria for Board membership. Identify, evaluate and attract qualified individuals to become Directors who satisfy such criteria. Make recommendations to the Board regarding Director candidates for membership on the Board, including the slate of Director nominees to be proposed by the Board for election by the stockholders at the annual meeting of stockholders and any director nominees to be elected by the Board to fill interim director vacancies. Establish and follow procedures for the recommendation of Director candidates by the Company’s

stockholders and the consideration by the Governance Committee of Director candidates so recommended.

2. Assess the contributions and independence of incumbent Directors in determining whether to recommend them for re-election to the Board at the annual meeting of stockholders.
3. Make recommendations to the Board on such matters as the retirement age, tenure and removal of Directors.
4. Manage the Board performance review process and review the results with the Board on an annual basis.
5. Recommend to the Board candidates for appointment to Board committees and consider periodically rotating Directors among the committees.
6. Review directorships in other public or private companies (excluding charitable or non-profit organizations) held by or offered to Directors and executive officers of the Company.
7. Review and assess the channels through which the Board receives information and the quality and timeliness of information received.
8. Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

The Guidelines set forth below can be used as the procedures and safeguards in the director selection process:

- i.) The Nominations Committee (the "Committee"), through the Corporate Secretary receives all letters nominating candidates for election as directors/independent directors from stockholders. The Corporate Secretary should set a reasonable period for the submission of nominations of candidates for election to the Board of Directors. All nominations for directors submitted in writing to the Corporate Secretary within such nomination period shall be valid. A stockholder of record, including a minority stockholder, entitled to notice of and vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated as a director.
- ii.) The Committee evaluates and screens nominees for directors based on the letter-nominations received by the Corporate Secretary from the pool of candidates submitted by the nominating stockholders *vis-à-vis* the applicable qualifications and disqualifications as prescribed under the Securities and Regulation Code, the Corporation Code and as provided in Annex "I" hereof while ensuring that said qualifications are in line with the strategic objectives of the Company. The Committee shall prepare a Final List of Candidates after considering the qualifications and disqualifications of the nominees. The said list shall contain all the information about these nominees. Only nominees qualified by the Committee and whose names appear on the Final List of Candidates shall be eligible for election as Directors or Independent Directors. Nominations shall not be accepted on the floor during the annual stockholders' meeting.
- iii.) For nominees for independent directors, the Committee determines whether or not the nominees meet the independence criteria set forth in the Securities and Regulation Code, Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulation.

iv.) The Committee also considers other relevant factors, such as any conflict of interest and directorships and/or positions in other corporations, which may compromise their capacity to diligently and effectively serve and perform their duties to the Board, the Company and its stakeholders, when elected.

v.) With the assistance of an executive search firm, if necessary, the Committee shall develop a list of nominees to be recommended to the Board, ensuring thereby that:

- the composition of the Board is an effective and balanced mix of knowledge, expertise, experience, complementary skills and talents that are mutually enforcing and promotes diversity in terms of age, gender and ethnicity, among others; and
- the selection of directors and independent directors is aligned and consistent with the Company's Mission, Vision and strategic directions and the Board's duties and responsibilities. Whenever applicable, the Committee shall undertake the following procedures:
 1. Identification of the necessary skills and qualifications that are aligned and will promote the achievement of the Company's Mission, Vision and strategic objectives.
 2. Assessment of the existing board's composition which entails cataloging member's skills and experience;
 3. Comparison of the existing board's inventory of qualifications with the list of desired skills and experience to develop a clear picture of gaps, if any. The Committee may also identify potential upcoming vacancies owing to retirement or resignation in order to account for potential required skills and qualifications.
 4. The gaps, if any, should function as the driving criteria for the specified qualifications which the Committee shall assemble upon which the nominees shall be measured against.

vi.) Nominees for independent directors who accept the nomination are requested to submit to the Committee a Certification of Independent Director stating his/her qualification and a list of affiliations and positions that may directly or indirectly give rise to conflict of interest or may contravene applicable regulations. For those in government service or affiliated with government agency or government owned and controlled corporations, he shall secure written permission or consent from the head of the agency/department pursuant to civil service rules.

vii.) The Committee submits to the Board of Directors its recommended list of final nominees.

viii.) The nominees approved by the Board are recommended for election as directors at the meeting of the stockholders or the Board, as the case may be. In the search of potential nominees, the Committee may use external sources, such as professional search firms, director databases and/or other reputable external sources to further enhance the search for and widen the base of potential nominees.

For this purpose, the Nomination Committee may consider the following guidelines in the recommending to the Board for approval of the shareholders a maximum number of directorships for individual members of the Board:

- The nature of the business of the Corporations which he is a director;
- Age, and physical capacity of the director,

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

On the other hand, the Chief Executive Officer and other executive directors should submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

V. Outside Advisors

The Committee shall have the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions, including the sole authority to retain and terminate search firms used to identify Director candidates, and to approve any such search firm's fees and other retention terms.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX “B”

COMPENSATION AND REMUNERATION COMMITTEE CHARTER

The Compensation Committee assists the Board and the Company's management in defining the Company's executive compensation policy and in carrying out various responsibilities relating to compensation of the Company's executive officers and directors, including: evaluating and approving compensation to the Chief Executive Officer and evaluating and recommending to the Board compensation to all other executive officers; reviewing and recommending to the Board compensation to non-employee directors; and overseeing the development and administration of the Company's equity compensation and benefit plans.

I. Purposes

Review and if necessary establish a formal and transparent policy on executive remuneration and recommend to the shareholders the remuneration of directors.

The determination of the remuneration of senior management and other key personnel is the responsibility of the chief executive officer and/or the Executive Committee. The compensation and remuneration committee should however ensure that compensation levels are consistent with the Corporation's financial capability as well as reasonable industry standards.

Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all officers and directors, which should require all officers and directors to declare under the penalty of perjury all their existing business interests or share holdings that may directly or indirectly conflict with their performance of duties to the Corporation. Such Disclosures should be updated at least every year. It should be clear that it is mandatory for officers and directors even within the yearly reporting period to declare prior to actually investing in or acquiring an interest, being employed or retained in any manner by a competitor or potential competitor.

II. Membership

The Committee shall be composed of three or more Directors, at least one (1) of whom shall be an independent director as determined by the Board pursuant to the Securities and Exchange Commission and the Philippine Stock Exchange's definition of independence. The Chair and members of the Committee shall be appointed annually by the Board on recommendation of the Governance Committee. Vacancies shall be filled by approval of the Board on recommendation of the Governance Committee, and any member of the Committee may be removed by the Board. The Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

III. Meetings

1. The Committee shall meet in accordance with the annual meeting schedule or at the call of the Chair or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

2. Procedures fixed by the Committee shall be subject to any applicable provision of the Company's By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board

at its next regularly scheduled meeting following the Committee meeting and shall be accompanied by any recommendations to the Board approved by the Committee.

IV. Key Responsibilities

1. Assist management and the Board in defining an executive compensation policy that (a) attracts, retains and appropriately rewards key executives of the Company, (b) links compensation with achievement of the Company's business objectives and (c) aligns the interests of key executives with the long-term interests of the Company's stockholders.
2. Annually (or bi-annually in the case of bonus amounts) review and approve corporate goals and objectives relevant to the base salary, bonus amount and other compensation of the Chief Executive Officer/President and the Company's other officers.
3. Evaluate the performance of each of the Chief Executive Officer/President and the Company's other officers in light of those goals and objectives, and determine and approve the compensation level, including base salary, bonus amount and other compensation, if any, of each such officer based on this evaluation and other relevant factors. Evaluation of the Chief Executive Officer/President's performance shall be made in consultation with the Governance Committee.
4. Make recommendations to the Board with respect to incentive compensation plans and equity-based plans, including overseeing the development of new compensation plans and the revision of old plans.
5. Administer the Company's incentive compensation and equity-based plans, and approve restricted stock awards, stock option grants and other equity-based or incentive awards under these plans, including any performance criteria relating to these plans or any awards.
6. Review the Company's employee benefit plans and either recommend plan changes to the Board or amend such plans, subject where required by shareholder approval.
7. Recommend to the Board retainer, other compensation, and attendance fees, including Board committee attendance fees, for non-employee Directors.
8. Annually review and discuss with the Company's management the Compensation Disclosure to be included in the Company's annual report and SEC Form 17-A and SEC Form 20-IS.
9. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
10. Evaluate annually the performance of the Committee and the adequacy of this Charter.
11. Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

V. Outside Advisors

The Committee shall have the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions, including the sole authority to retain and terminate compensation consultants to assist in the evaluation of Director, Chief Executive Officer or other senior executive compensation and to approve any such compensation consultant's fees and other retention terms.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX “C”

AUDIT COMMITTEE CHARTER

I. Purpose

The purpose of the **Audit Committee** (the ‘Committee’) of the **Board of Directors** (the “Board”) of **A Brown Company, Inc.** (the “Company”) is to enhance the Board’s oversight capability over the Company’s financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations.

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.

The Audit Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent auditor under applicable rules. Management is responsible for preparing the Company’s financial statements, and the independent auditors are responsible for auditing those financial statements.

II. Membership

The Committee shall be appointed by the Board and shall be composed of at least three (3) non-executive members of the Board, the majority of whom, including the Chairman, shall be independent. The Chairman shall not be the Chairman of the Board and of other Board Committees. Each member shall have adequate understanding at least or competence at most of the Corporation’s financial management systems and environment particularly, in the areas of accounting, audit and finance or relevant business experience who meet the independence standards of the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange (“PSE”) and other applicable laws and regulations. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

In case of any vacancy in the Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board subject to the provision of this Charter. Committee members may receive no compensation from the Company other than director’s fees.

III. Meeting

The Committee will meet as often as may be deemed necessary or appropriate in its judgment, at least quarterly each year, and at such times and places as the Committee shall determine. The majority of the members of the Committee shall constitute a quorum. The Committee will meet separately, at least quarterly, with the independent internal and external auditors and management to discuss any matters that they wish to bring to the Committee’s attention.

The Committee shall report to the Board with respect to its meetings, including any issues that arise with respect to the quality or integrity of the Company’s financial statements, the Company’s compliance with legal or regulatory requirements, and/or the performance and independence of the Company’s independent external and internal auditors.

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 and/or external auditor as it deems necessary.

IV. Committee Authority and Responsibilities

The primary responsibility of the Committee is to oversee the Company's financial controls and reporting processes on behalf of the Board and report the results of its activities to the Board. The Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. The Committee may perform such other duties and responsibilities as are consistent with its purpose and as the Board or the Committee deems appropriate.

Appointment, Compensation, Retention, Rotation and Oversight of Independent External Auditor

1.) Independent external auditor.

The Audit Committee shall recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders. In the selection of external auditor, the Audit Committee's responsibility includes assessing the integrity and independence of external auditor as well as reviewing and monitoring their suitability and effectiveness on an annual basis to determine whether or not to re-appoint the external auditor.

The independent auditor (external auditor) shall be selected and appointed or ratified by the stockholders upon the recommendation of the Audit Committee and approval of the Board from the pool of duly accredited independent auditor by the regulatory authorities, e.g. Securities and Exchange Commission (SEC). The external auditor or the lead partner thereof primarily responsible for the audit of the company or the review thereof shall be rotated or changed at least once every five (5) years or as determined by the regulatory authorities.

The Committee shall also be responsible for: (a) ensuring its receipt from the independent auditors of a formal written statement delineating all relationships between the auditor and the Company, consistent with Philippine Standards on Auditing and Philippine Financial Reporting Standards, (b) actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor, and (c) taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditor. In connection with these responsibilities, the Committee shall discuss the auditor's independence from management and the Company, including whether the auditors' performance of permissible non-audit services is compatible with their independence. This process will include, at least annually, the Committee's review of the independent auditors' internal control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or

more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent directors and the Company. The Company shall review the use of auditors other than the independent auditor in cases such as management's request for second opinions.

Approval of Audit Engagement and the Related Audit Scope and Audit Plans

The Committee shall pre-approve all audit plans, scope and frequency before the conduct of the external audit.

2.) Audit services. The Committee shall discuss with the independent external auditors the overall scope and plans for their respective audits including their respective responsibilities and the adequacy of staffing and compensation. The Committee shall approve in advance all audit engagement fees and the terms of all audit services to be provided by the independent auditors.

3.) Permissible non-audit services. The Committee shall establish policies and procedures for the engagement of the independent external auditors to provide permissible non-audit services, which shall include pre-approval of permissible non-audit services to be provided by the independent external auditors. The Committee may, from time to time, delegate its authority to pre-approve non-audit services to one or more Committee members, provided that such delegate(s) present any such approvals to the full Committee at its next scheduled meeting.

The Committee should evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee 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;

4.) Nature, Scope and Expenses on Audit Services. Prior to the commencement of the audit, the 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;

Review of Financial Reports

The Committee shall check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements. It shall review the reports submitted by the internal and external auditors. It shall review and approve the interim and annual financial statements before their submission to the Board with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

5.) Review of interim financial statements; earnings releases. The Committee shall review the interim financial statements, and the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations

with management prior to the filing of the Company's Quarterly Report on SEC Form 17-Q. The Committee will discuss the Company's policies and procedures with respect to earnings releases, financial information and earnings guidance provided to analysts and rating agencies. The Committee will discuss the results of the quarterly review and any other matters required to be communicated to the Committee. The Chairman of the Committee may represent the entire Committee for the purposes of this review.

6.) Review of annual audited financial statements. The Committee shall review with management and the independent external auditor the financial statements to be included in the Company's Annual Report on SEC Form 17-A (or the annual report to shareholders), including (a) their judgment about quality, not just acceptability, of the Company's accounting principles, including significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (b) the clarity of the disclosures in the financial statements; and (c) the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, including critical accounting policies.

The Committee will also review with management and the independent external auditor (a) major issues regarding accounting principles and financial statement presentations, including significant changes in the selection or application of accounting principles; (b) major issues regarding the adequacy of internal controls and steps taken in light of material deficiencies; and (c) the effects of alternative accounting methods and regulatory and accounting initiatives on the financial statements. The Committee's oversight work with the external auditor for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Company includes communicating any disagreement and resolution of disagreements between management and the auditor regarding financial reporting.

The Committee will discuss the results of the annual audit and any difficulties the independent auditors encountered in the course of their audit work, including any restrictions on the scope of the auditors' activities or on access to requested information, and any significant disagreements with management. The Committee will also discuss any other matters required to be communicated to the Committee by the independent external auditor under generally accepted auditing standards, and the annual report on internal controls by the Chief Executive Officer and Chief Financial Officer, as received by the independent external auditor.

Based on these reviews, the Committee will make a recommendation to the Board as to whether the audited financial statements should be included in the Company's Annual Report on SEC Form 17-A.

7.) External Auditor's Management Letter. The Committee shall review the disposition of the recommendations in the External Auditor's management letter;

Appointment and Oversight of Internal Auditors

8.) Approval of Internal Audit Charter including Internal Audit Plan. The Committee 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. The Committee shall pre-approve all audit plans, scope and frequency before the conduct of the internal audit.

9.) Internal controls, disclosure controls and procedures. Through the Internal Audit (IA) Department, the 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. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a)

safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

The Committee will review and discuss with management and the internal auditors the Company's internal controls. The Committee will review and discuss the Company's disclosure controls and procedures, and the periodic assessments of such controls and procedures by the CEO and/or President and Chief Finance Officer/Controller.

To help the senior management in setting-up and monitor the effectiveness of the company's internal control system, the Committee shall organize an internal audit department (in-house or outsourced) and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.

The independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which the Board, senior management, stockholders and other stakeholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

The minimum internal control mechanisms for management's operational responsibility shall center on the CEO and/or President, being accountable for the corporation's organizational and procedural controls. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of the business; 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.

10.) Oversight of Internal Audit and Appointment of Internal Auditor (In-house or Outsourced Service Provider). The Committee oversees the Internal Audit Department of the Company and appoint an in-house internal auditor or an outsourced internal audit service provider. The Audit Committee also approves the terms and conditions for outsourcing internal audit services, its overall scope and internal audit plans including their respective responsibilities and the adequacy of staffing and compensation or fees. The Committee shall approve in advance all audit engagement fees to be provided by outsourced internal audit service provider.

11.) Reporting Line of Internal Auditor. The Committee 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 Committee. The Audit Committee shall ensure that in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

12.) Internal Auditor's Findings and Recommendations. The Committee reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;

Direct Interface Functions of Internal and External Auditors

13.) Independence of Internal and External Auditors and Accessibility to Records. The Committee shall perform oversight functions (direct interface 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;

Other Duties and Responsibilities

14.) Complaint procedures. The Committee will establish procedures for receipt, retention and treatment of complaints regarding accounting, internal accounting controls, and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

The Committee shall respond to any request from management for evaluation of compliance with the Corporate Code of Conduct, Manual on Corporate Governance and Standard Operating Policies and Procedures. The task of ensuring that the Corporate Code of Conduct has been understood and religiously complied with is collectively entrusted to both the Human Resource Division and the Department or Division where the employee is affiliated. The Compliance Officer shall be responsible for determining violations on the Manual on Corporate Governance through notice and hearing and shall recommend to the Chairman of the Board the penalty for such violation, for further review and approval of the Board.

15.) Hiring of auditor personnel. The Committee shall set clear hiring policies with regard to employees and former employees of the independent auditors.

16.) Periodic Review of Audit Committee Charter. The Committee shall periodically (but no less than annually) review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

17.) Annual performance evaluation. The Committee shall annually review its own performance.

18.) Investigative authority. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company.

19.) Training and Education. As part of their continuing education, each member shall attend seminar on corporate governance conducted by a duly recognized private or government institute and accredited by the Securities and Exchange Commission. Each member is also encouraged to attend seminars and trainings relevant to their performance as members of the Audit Committee, e.g. financial reporting and audit, internal control, risk management and others.

20.) Compliance with Laws, Rules and Regulations. The Committee shall coordinates, monitors and facilitates compliance with laws, rules and regulations;

21.) Risk Assessment and Promotion of Risk Awareness. The Committee will review and discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

The Audit Committee with the Risk Oversight Committee will provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from management of information on risk exposures and risk management activities.

All directors, officers and employees shall be made aware of risks involved if actions taken are not in conformity with the existing government laws, rules and regulations; company's Corporate Code of Conduct, company's Manual on Corporate Governance and company's Standard Operational Policies and Procedures.

Adequate number of printed copies of the company's Corporate Code of Conduct, Manual on Corporate Governance and Standard Operational Policies and Procedures must be

reproduced and distributed for reading and reference or must be readily available for easy access by all directors, officers and employees to enjoin continuing compliance.

22.) Related-Party Transactions. The Committee will review and have prior-approval authority for related-party transactions (including transactions of related parties as defined in the applicable Philippine Stock Exchange listing standards).

23.) Board Risk Oversight and Related Party Transactions Committee Functions. In case the company does not have a separate Board Risk Oversight Committee and/or Related Party Transactions Committee, the Audit Committee performs the functions of said committees.

V. Outside Advisors. The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions. The Committee shall have sole authority to approve related fees and retention items. The Company will provide appropriate funding, as determined by the Committee, for Compensation to any such outside advisors engaged by the Committee.

VI. Miscellaneous. Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

RISK OVERSIGHT COMMITTEE CHARTER

I. Purpose

The Risk Oversight Committee is established for the purpose of assisting the Board in overseeing the company’s practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The Risk Oversight Committee will assist the board in providing framework to identify, assess, monitor and manage the risks associated with the company’s business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with company’s risk profile.

II. Membership

The Committee shall be appointed by the Board and shall be composed of at least three (3) members, majority of whom shall be independent directors including the Chairman who is not at the same time the Chairman of the Board or as practicable, of any other Board Committee who meet financial-literacy and independence standards of the Securities and Exchange Commission (SEC). At least one member of the Committee shall have adequate and competent understanding and experience on risk management principles and practices, in addition to thorough knowledge of the Company’s business and industry in which it operates.

Vacancies may be filled at any time during the year by action of the full Board. The term of the service for Committee members shall be one year or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. The Chair of the Committee shall be an independent director.

III. Meetings

The Committee shall meet at least quarterly each year or more frequently as circumstances dictate. The Committee will also periodically meet with management, the internal auditor and risk management officer to discuss any matters that they wish to bring to Committee’s attention. A quorum at any Committee meeting shall be at least a majority of the Committee. All determinations of the Committee shall be at least a majority of its members present at a meeting duly called for and held. Minutes of all meetings of the Committee shall be prepared to document the Committee’s discharge of its responsibilities. The minutes shall be circulated in draft form to all committee members to ensure an accurate final record shall be approved at a subsequent meeting of the Committee and distributed periodically to the full Board.

IV. Key Responsibilities

The Risk Oversight Committee (ROC) shall have the following duties and responsibilities:

1.) Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures. The development of a formal risk management policy will guide the company’s risk management and compliance processes and procedures. The Risk Oversight

Committee should design and undertake its enterprise-wide risk management activities in accordance with internationally recognized frameworks;

2.) Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The ROC conducts regular discussions on the Company'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. Discuss and review policies with respect to risk assessment and risk management including the company's major financial and business risk exposures and the actions the management has undertaken to control them;

3.) Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The ROC 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;

4.) Advises the Board on its risk appetite levels and risk tolerance limits. Set the tone and influence the culture of risk management which includes determining the appropriate risk appetite (risk-taker or risk-averse) or level of exposure as a whole or on any relevant individual issue; determining what types of risk are acceptable and which are not;

5.) Reviews at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company;

6.) 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. Monitor the management of significant risk to reduce the likelihood of unwelcome surprises. Satisfy itself that less significant risks are being actively managed with the appropriate controls in place and working effectively;

7.) 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;

8.) Reports to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary. Annually review the company's approaches to risk management and recommends to the Board changes or improvements to key elements of its processes and procedures and

9.) Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

10.) Other duties and responsibilities are provided in the Risk Oversight Committee Charter.

V. Outside Advisors

The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions. The Committee shall have sole authority to approve related fees and retention items. The Company will provide appropriate funding, as determined by the Committee, for Compensation to any such outside advisors engaged by the Committee.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

CORPORATE GOVERNANCE COMMITTEE CHARTER

The Corporate Governance Committee advises the Board with respect to matters relating to corporate governance and performance of the Chief Executive Officer/President. It develops and recommends to the Board a set of corporate governance principles applicable to the Company, and oversees the evaluation of the Board, the Board Committees and the Senior Management including but not limited to Chief Executive Officer/President.

I. Purposes

The Governance Committee shall oversee the formulation or review and implementation of the corporate governance structure and policies of the company; and assist in the conduct of self-assessment of the performance and effectiveness of the Board, the Board Committees and the individual Board members in carrying out their functions as set out in this manual and the respective charters of the Board Committees.

II. Membership

The Committee shall be composed of at least three members, majority of whom should be independent directors, including the Chairman as determined by the Board pursuant to the Securities and Exchange Commission’s definition of independence. The Chair and members of the Committee shall be appointed annually by the Board.

Vacancies shall be filled by election by the Board, and any member of the Committee may be removed by the Board. The Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a sub-committee comprised of one or more members of the Committee.

III. Meetings

1. The Committee shall meet in accordance with the annual meeting schedule or at the call of the Chair or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

2. Procedures fixed by the Committee shall be subject to any applicable provision of the Company’s By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting and shall be accompanied by any recommendations to the Board approved by the Committee.

IV. Key Responsibilities

The Corporate Governance (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:

- 1.) 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;

- 2.) Oversees the periodic performance evaluation of the Board and its committees as well as executive management including but not limited to evaluation of the Chief Executive Officer/President, and conducts an annual self-evaluation of its performance;
- 3.) 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;
- 4.) Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers,
- 5.) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- 6.) Proposes and plans relevant trainings for the members of the Board;
- 7.) Review and make recommendations to the Board regarding proposals of stockholders that relate to corporate governance.
- 8.) Review and reassess the adequacy of this Charter at least annually.
- 9.) Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate
- 10.) In case the Company does not have a separate Nomination Committee and/or Compensation and Remuneration Committee, the Corporate Governance Committee performs the functions of said Committees, including but not limited to the following:
 - a.) Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
 - b.) Recommends remuneration packages for corporate and individual performance;
 - c.) 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.

V. Outside Advisors

The Committee shall have the authority to retain outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions and to approve their fees and other retention terms.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

EXECUTIVE COMMITTEE CHARTER

Between meetings of the Board, the Executive Committee may exercise all of the powers of the Board (except those powers expressly reserved by applicable law to the Board) in the management and direction of the business and conduct of the affairs of the Company, subject to any specific directions given by the Board.

I. Purpose

The purpose of the Executive Committee (the “Committee”) is to act on behalf of the Board of Directors (the “Board”) between Board meetings.

II. Membership

The Committee shall be composed of three or more Directors, as determined by the Board. The Board shall appoint one of the members of the Executive Committee as its Chairman. The other members of the Committee shall be appointed annually by the Board on the recommendation of the Governance Committee. Vacancies shall be filled by approval of the Board on the recommendation of the Nomination Committee, and any member of the Committee may be removed by the Board.

III. Meetings

The Committee shall meet at the call of the Chair or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The passage of any resolution of the Committee shall require the affirmative vote of a majority of Committee members present and voting on such resolution who are not employees of the Company.

Procedures fixed by the Committee shall be subject to any applicable provision of the Company’s By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting. Actions taken by the Committee shall be promptly communicated to the Directors who are not members of the Committee.

IV. Key Responsibilities

The Committee shall have all the authority of the Board, except that it **shall not** have authority to:

- 1.) Approve any action for which shareholders approval is also required;
- 2.) Fill vacancies in the Board or in any committee thereof;
- 3.) Amend or repeal the By-laws, or adopt new By-laws;
- 4.) Amend or repeal any resolution of the Board that which, by its express terms, is not so amenable or repealable;
- 5.) Distribute cash dividends to the shareholders;
- 6.) Fix the compensation of Directors for serving on the Board or any committee thereof;

- 7.) Fix or amend the compensation, benefits or perquisites of the Chief Executive Officer;
- 8.) Take any action that the Corporation Code of the Philippines or the Company's By-Laws prohibit the Board from delegating to a committee; or
- 9.) Take any action required by the rules or regulations of the Securities and Exchange Commission or the Philippine Stock Exchange to be approved by the full Board or by another committee of the Board.

V. Outside Advisors

The Committee shall have the authority to retain outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions and to approve their fees and other retention terms.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

COMMITTEE ON CORPORATE CULTURE AND VALUES FORMATION CHARTER

I. Purpose

The purpose of forming this committee is to promote, foster & institutionalize the corporate vision, mission, core values, good corporate governance & ethical conduct among the board of directors, officers & employees of the company.

II. Membership

The Committee shall be composed of three or more Directors, as determined by the Board. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. The members of the Committee shall be appointed annually by the Board on the recommendation of the Governance Committee. Vacancies shall be filled by approval of the Board on the recommendation of the Nomination Committee, and any member of the Committee may be removed by the Board.

III. Meetings

The Committee shall meet at the call of the Chair or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The passage of any resolution of the Committee shall require the affirmative vote of a majority of Committee members present and voting on such resolution who are not employees of the Company.

Procedures fixed by the Committee shall be subject to any applicable provision of the Company's By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting. Actions taken by the Committee shall be promptly communicated to the Directors who are not members of the Committee.

IV. Key Responsibilities

The Committee shall have the authority of the Board as follows:

1. Formulate strategies that will foster, imbibe, translate & institutionalize into action plans the corporate vision, mission & core values, such that the policies, decision and lifestyle of the Brown Group, individually & collectively, are founded on them.
2. Provide policy guidance and facilitate compliance with the good corporate governance, code of ethics & business practices.
3. Look into ways to continuously enhance high standard of business conduct & ethics in the company.
4. Adopt a process to insure the Committee members revisit/review the vision, mission & core values statements periodically.
5. Such other functions that are necessary, implied and incidental to the exercise of the authority/responsibility so conferred.

RELATED PARTY TRANSACTION COMMITTEE CHARTER

I. Purpose

The Related Party Transactions Committee should be tasked with reviewing all material related party transactions (RPT) of the Company. The RPT Committee should ensure that transactions occur at market prices, at arm’s-length basis and under conditions that protect the rights of all shareholders.

Related party transactions are generally allowed, provided, that these are done in a sound and prudent manner. The Company is expected to exercise appropriate oversight and to implement effective system in managing these transactions.

All related party transactions which are considered usual course of business and are substantially the same terms as those prevailing at the time for comparable products or services with unrelated parties are exempted or may not be reviewed by the Related Party Transactions Committee except when the transaction is 5% of the total assets of the Parent Company which needs the review of the Committee. However, all RPTs which are not in the usual course of business shall be subject for review by the Related Party Transactions Committee. The RPT Committee may, at any time ask for a review of any of the transactions. The Board of Directors reviews and approves all material RPTs endorsed by the Related Party Transactions Committee. All Board-approved material RPTs may be subject to ratification by a vote of shareholders owning at least majority of the outstanding shares.

II. Membership

The Committee shall be composed of at least three (3) non-executive directors, the majority of whom, including the Chairman, should be independent, as determined by the Board. The Members and Chairman of the Committee shall be appointed annually by the Board. Each member shall have adequate and competent knowledge of the Company’s business and industry in which it operates.

Vacancies shall be filled by approval of the Board on the recommendation of the Nomination Committee, and any member of the Committee may be removed by the Board.

III. Meetings

1. The Committee shall meet at the call of the Chair or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The passage of any resolution of the Committee shall require the affirmative vote of a majority of Committee members present and voting on such resolution who are not employees of the Company.

2. The Committee will meet as often as may be deemed necessary or appropriate in its judgment, at least quarterly each year, and at such times and places as the Committee shall determine. The majority of the members of the Committee shall constitute a quorum.

IV. Key Responsibilities

The Related Party Transaction (RPT) Committee shall have the following duties and responsibilities:

1.) 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 nonrelated to related and vice versa) are captured. Related parties, RPTs and changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors;

2.) 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 Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:

- a.) The related party's relationship to the Company and interest in the transaction;
- b.) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- c.) The benefits to the corporation of the proposed RPT;
- d.) The availability of other sources of comparable products or services; and
- e.) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;

3.) Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;

4.) Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party;

5.) Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;

6.) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and

7.) Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

V. Outside Advisors

The Committee shall have the authority to retain outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions and to approve their fees and other retention terms.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX "I"

QUALIFICATIONS AND DISQUALIFICATIONS OF DIRECTORS

I. Qualifications for Directorship

In addition to the qualifications for directorship in the Company provided for in the Corporation Code, Securities Regulation Code and other relevant laws, rules and regulations and such other qualifications approved by the Board and incorporated in amendments to the By-laws, the Board may provide for additional qualifications which include, among others, the following:

- Holder of at least one (1) share of stock of the Corporation;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least twenty one (21) years old;
- He shall have proven to possess integrity and probity; (and)
- He should have sufficient interest in the business of the corporation to be willing as well as able to make a positive contribution to its undertakings.
- He must have a practical understanding of the business of the corporation or previous business experience;
- He must have attended a seminar on corporate governance conducted by a duly recognized private or government entity or must have issued an undertaking to attend such a seminar as soon as practicable.

II. Disqualifications from Directorship

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

a.) 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;

b.) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if (a) such person is currently the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or

suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or under any rule or regulation issued by the Commission or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

c.) 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;

d.) Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;

e.) Any person judicially declared to be insolvent;

f.) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;

g.) 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 and

h.) Other grounds as the SEC may provide.

III. Temporary Disqualification

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

a.) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;

b.) Absence 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. The disqualification shall apply for purposes of the succeeding election;

c.) Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;

d.) Being under preventive suspension by the Corporation;

e.) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director shall be lifted if the limit is later complied with.

- (i) 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.

IV. Qualification of Independent Director

“Independent Director” means a person who, apart from his fees and shareholdings, is independent of management and free from any business, or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director of the Company and includes, among others, any person who, ideally:

- a.) is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company;
- b.) 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 covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;
- c.) has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman “Emeritus,” “Ex-Officio” Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- d.) 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;
- e.) is not a relative of a director, officer, or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- f.) is not acting as a nominee or representative of any director of the covered company or any of its related companies;
- g.) 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;
- h.) is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
- i.) 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 covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

- j.) is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and
- k.) 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 covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company. Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten (10) percent of any class of its equity security.

An independent director who serve the Company for cumulative term of nine (9) years shall be perpetually barred from re-election as such in the same Company but may continue to qualify as a non-independent director with reckoning cumulative nine-year term from 2012. The Company may retain an independent director who has served for nine-years with the Board providing meritorious justification/s and seek shareholder's approval during the annual stockholders' meeting.

WHISTLE-BLOWER POLICY

The Company is committed to the highest standards of ethics in compliance with all applicable laws, rules and regulations as it conducts its business as a good corporate citizen. This commitment and standard of conduct governs the company’s relationships with customers, suppliers, shareholders, competitors, the communities it operates, and with employees themselves at every organizational level.

The Codes which the Company adopted include policies and guidelines that are consistent with the principles and values which the Company promotes when performing services for, or on behalf of, the Company. The Codes set out the behavior that directors, officers, employees and suppliers should adhere to in the conduct of day-to-day undertakings which is embedded in the mission statement of “living the company’s shared values of integrity, passion for excellence and love for work and family spirit in everything we do”.

I. Purpose

The purpose of the Whistle-blower Policy is to provide formal mechanism for employees as well as suppliers and even third parties to submit reports on improper activities and/or suspected violations perpetrated by the company’s directors, officers and employees as well as the suppliers with regard to the Company Policies, Corporate Code of Conduct, Revised Manual on Corporate Governance and Securities and Regulation Code. Reports submitted by whistle-blowers through available channels which include web portal, email or postal service whether anonymous or identified will be investigated according to the protocols established in this policy. Complaints made in good faith shall be protected by keeping the information confidential including the identity and source of information to the extent required by law. The policy should also consider means to protect whistleblower from retaliation and fairness in the handling of a disclosure or complaint.

II. Definition of Terms

*“**Improper activity or conduct**” refers to any activity perpetrated by company’s directors, officers, employees, and suppliers which is a violation of the Company’s Corporate Code of Conduct; a violation of the Revised Manual on Corporate Governance; violation of the Securities Regulation Code; fraudulent reporting practice including internal controls, accounting, auditing and financial matters; misappropriation of assets and other unethical behavior.*

*“**Whistle-blower**” refers to a person making a disclosure of information that may be an evidence of improper activity or conduct.*

*“**Whistle-blowing**” refers to a situation where a person (an employee or third party, etc.) decides to report serious concerns about any suspected misconduct, malpractice or irregularity which he has become aware of or genuinely suspects that the Corporation has been or may become involved in.*

III. Reporting of Any Illegal, Improper Conduct or Unethical Behavior

Any person (including employees, suppliers and even third parties) who has knowledge of suspected illegal, improper or unethical behavior committed by any directors, officers, employees and even suppliers especially in the conduct of business with the company are encouraged to report and disclose information or raise serious concerns relevant to suspected or observed misconduct, malpractice, or irregularity in a responsible and effective manner through confidential reporting channel.

Whistle-blowing matters may include but are not limited to:

- 1. Violation of the Corporate Code of Conduct and Revised Manual on Corporate Governance*
- 2. Violation of Securities Regulation Code and other relevant laws including breach of legal and regulatory requirements*

3. *Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters*
4. *Misappropriation, misuse or abuse of company's assets*
5. *Improper conduct or unethical behavior prejudicial to the interest of the Corporation*
6. *Deliberate concealment of any of the above*

IV. Protection and Confidentiality

The Company shall make every effort treating all disclosures in a confidential and sensitive manner after receipt of any reports concerning about any of the above whistle-blowing matters. The identity of the whistle-blowers (individual employee or supplier and even third parties) making genuine and appropriate allegation under this Policy are assured of fair treatment. Whistle-blowers who raise an issue in good faith should not be at risk of suffering any form of retribution as a result even if it is subsequently found that the whistle-blower was mistaken.

Specifically, employees who made disclosures in good faith and with reasonable belief that improper activity has been committed are also assured of protection against unfair dismissal, demotion, any form of harassment or discrimination; current or future bias on performance evaluation; victimization or unwarranted disciplinary action, even if the concerns cannot be fully substantiated or turns out to be untrue. If the whistle-blower is not an employee but a supplier of goods or services, the whistle-blower shall not be denied future business with the company solely on the basis of having made the disclosure.

The company reserves the right to take appropriate actions against anyone who initiates or threatens to initiate retaliation against those who have raised concerns under this Policy. In particular, directors, officers and employees who initiate or threaten retaliation will be subject to disciplinary actions, which may include suspension and/or summary dismissal.

Management shall support all employees and other whistle-blowers and encourage them to raise concerns without fear of reprisals.

V. Reporting Channel, Documentation and Investigation Procedure

Reporting Channel

A whistle-blower who has legitimate malpractice concern can raise the matter directly to the Governance Committee through the following channels:

- a.) *sending an email to a designated email address using the web portal*
- b.) *sending letter addressed to the Governance Committee in a sealed envelope clearly marked "Strictly Private and Confidential – to be opened by Addressee Only" to ensure confidentiality or*
- c.) *sending emails to governancecommittee@abrown.ph*

Persons or units within the organization who receive disclosures (in whatever form, including verbal disclosure) shall, however, forward or relay the disclosures and/or reduced into writing and forwarded to the Governance Committee for proper conduct in accordance with this policy.

The Governance Committee will decide whether an investigation should be conducted or special fact-finding committee be created, if warranted, depending on the gravity, sensitivity or complexity of the issue as reported.

If the report concerning misconduct is done anonymously, the complaint maybe considered. However, if it is very difficult to assess whether or not an anonymous letter is genuine or malicious and evidence given can't be readily obtained, it will not necessarily start an investigation. If within reasonable efforts such needed information can be gathered in order to allow the Company to deal with the matter properly, the Governance Committee within reasonable time will conduct an investigation, if so warranted.

Reporting Format and Supporting Documentation

Disclosures can be made in writing or by using the standard form (Whistle-blower Report Form) attached to this policy. Verbal disclosures must be reduced to some form of writing and persons receiving verbal disclosures who wish to continue further for appropriate action must reduce the same into writing. A whistle-blower shall have the option to identify itself and/or sources of his information, if any or withhold his identity.

Disclosures must allege the specific facts that have lead the whistle-blower to believe that an improper activity or conduct has been or is being committed. The specific information in the disclosure and supporting documentation, if any, will allow the Governance Committee for proper assessment of the need, nature, extent and urgency of investigation. The disclosure should be supported by evidence or at least, includes sufficient details which can be validated and used as basis for conducting an investigation.

Investigation Procedure

Without prejudice to the provisions of the Corporate Code of Conduct on the procedure of handling administrative cases and/or of the Revised Manual on Corporate Governance on the evaluation of purported violations of the Manual as well as providing due process to the directors, officers and employees, the procedures herein promulgated will be used by the Governance Committee in its investigation of reported improper activity or conduct.

The format and length of an investigation will vary depending upon the nature and particular circumstances of each complaint made. The matters raised may be investigated internally; be referred to the external auditor or form the subject of an independent inquiry.

The Chair of the Governance Committee will write to the complainant whenever reasonably practicable of the concern being received:

- a.) by acknowledging that the complaint or issue being raised has been received;*
- b.) by advising whether or not the matter is to be investigated further or if so what the nature of the investigation will be and*
- c.) by giving an estimate of how long the investigation will take to provide a final response telling the complainant whether initial inquiries have been made or whether further investigation will take place and if not, provide a reason for discontinuance.*

The Governance Committee shall create an investigating team to verify the complaint. The investigating team or special fact-finding committee may be composed of the Human Resource Department - Head, Vice President –Administration, Vice President – Finance or other officer as the Governance Committee deemed fit who shall provide findings of the result of the investigation and recommend sanctions after due process if warranted of such result subject to the approval by Governance Committee and Executive Chairman.

In the event that the complaint involves a member of the investigating team or special fact-finding committee as mentioned above, the said member shall inhibit himself from taking part of the evaluation, investigation and reporting of that particular complaint.

Investigation shall be carried out in accordance with company policies and best practices in investigation without compromising the civil rights of any person.

Record Retention

Records shall be kept for all reported misconducts, malpractices and irregularities by relevant parties in the company. In the event a reported misconduct leads to an investigation, the party responsible for conducting the investigation shall ensure that all relevant information relating to the case is retained including details of corrective action taken and maybe included in the employee's 201 files or supplier's accreditation files.

VI. Monitoring and Compliance

Violation or non-compliance with this policy may result to disciplinary action without prejudice to any criminal and civil liabilities which the company or authorities may file for violation of existing laws.

Strict observance of these guidelines is therefore enjoined.

The Offense and Disciplinary Action

Violation of this Whistle-blowing Policy by the employees can be classified depending on the degree of violation. Some violations may constitute also violation of Section 3 of the Article I and Article V of the Corporate Code of Conduct which are Type D and Type C offense, respectively.

False Reports

If an employee makes a false report maliciously, with an ulterior motive, or for personal gain, the company reserves the right to take appropriate actions against the employee to recover any loss or damage as a result of the false report. In particular, the employee may face disciplinary action, including dismissal, where appropriate.

Section 3 of Article V (Offenses Against Decency, Good Custom, Honor and Morality) of the Corporate Code of Conduct: Making false, vicious, or malicious statement concerning any employee. (Type C offense)

TYPE OF OFFENSE	LEVEL OF OFFENSE	DISCIPLINARY ACTION
C	1st	Six (6) working day suspension
	2nd	Fifteen (15) working day suspension with warning for dismissal
	3rd	Dismissal

Initiate or Threaten of Retaliation

If an employee initiates or threatens to initiate retaliation against those who have raised concerns under this Policy will be subject to disciplinary actions, which may include suspension or summary dismissal.

Section 3 of Article I (Offenses Against Person) of the Corporate Code of Conduct: Any act constituting threat, intimidation or coercion against any person, or in any manner unduly interfering with other employees from performing their work..... (Type D offense)

TYPE OF OFFENSE	LEVEL OF OFFENSE	DISCIPLINARY ACTION
D	1st	Thirty (30) working day suspension with warning for dismissal
	2nd	Dismissal

Likewise, if a director and/or officer is found to be in violation of this policy and/or securities laws, the Governance Committee in consultation with the Compliance Officer shall recommend to the Chairman of the Board, for further review and approval of the Board, the penalty for such violation depending on the gravity of the offense which can either be reprimand, suspension or removal from office.

If the suppliers violate any company policies or in cahoots with employees that violated the company's policies as well as the Corporate Code of Conduct, Revised Manual on Corporate Governance and related laws, the Governance Committee shall recommend to the Board for appropriate action.

VII. Policy Review

The Governance Committee shall review and assess periodically the adequacy of this Policy for consideration by the Board of Directors. Any provisions may be amended and shall be effective upon due notice given to directors, officers and employees of the company.

ANNEX A: WHISTLE-BLOWER REPORT FORM

WHISTLE-BLOWER REPORT FORM (CONFIDENTIAL)

The Company is committed to the highest standards of ethics in compliance with all applicable laws, rules and regulations as it conducts its business as a good corporate citizen. This commitment and standard of conduct governs the company's relationships with customers, suppliers, shareholders, competitors, the communities it operates, and with employees themselves at every organizational level.

The Whistle-blower Policy has been established to provide formal mechanism for whistle-blowers to submit reports on improper activities and/or suspected violations through available channels which shall be protected by keeping the information confidential including the identity and source of information to the extent required by law. The policy also considers the means to protect whistleblower from retaliation and fairness in the handling of a disclosure or complaint.

If you wish to make a written report, please use the report form below. Once completed, this report becomes confidential. You may send the report, marked "Strictly Private and Confidential – to be opened by Addressee Only" and addressed to the Chairman of the Governance Committee, by post to the relevant address below or by email to governancecommittee@abrown.ph."

To:

THE GOVERNANCE COMMITTEE

A Brown Company, Inc.

Principal Address: Xavier Estates, Airport Road, Balulang, Cagayan de Oro City

Liaison Office: 3304-C West Tower, PSE Centre, Ortigas Center, Pasig City

We encourage you to provide your name with this report. Concerns expressed anonymously are much less powerful but they will be considered as far as practicable.

Name:

Address:

Tel No:

Email:

Date:

The names of those involved (if known) and nature of involvement:

The names of those possible witnesses and nature of involvement:

Details of concerns:

Please provide full details of your concerns: Names, dates and places and the reasons for the concerns (continue on separate sheet if necessary) together with any supporting evidence/documents. Please provide also an approximate figure of how much is involved.

INSIDER TRADING POLICY

Adjunct to the strict observance of confidentiality on material non-public information that they may acquire or learn by reason of their position, directors, officers, employees and other covered persons are prohibited from trading (buying and selling) the Issuer’s securities based on this inside information and tipping or passing information to someone who may use such information to trade the Issuer’s securities during prescribed trading blackout periods.*

I. Purpose

The purpose of the Insider Trading Policy is to apprise and ensure compliance by all members of the Board of Directors, officers and employees of A Brown Company, Inc. (ABCI or BRN) of their obligations under the applicable securities laws and regulations of the Securities and Exchange Commission (SEC) as well as the Philippine Stock Exchange (PSE) Black-out Policy.

Aside from complying with the law against insider trading as part of SEC and PSE regulations, the company adopted this policy in keeping with the trend on sound corporate governance practices and supporting the integrity of capital market based on the principle of “equal opportunity based on equal access of information”.

II. Definition of Terms

*“**Black-out period**” is a period during which directors, officers, employees and other covered individuals are prohibited from dealing which includes purchasing, selling or otherwise acquiring or transferring the Issuer’s securities before and after the material non-public information has been released to the public.*

*“**Material non-public information**” refers to information which has not been generally disclosed to the public and (i) would likely affect the market price of the security after being disseminated to the public and the lapse of a reasonable time for the market to absorb the information or (ii) would be considered by a reasonable person important under the circumstances in determining his course of action whether to buy, sell or hold a security. Material information is any information relating to the business and affairs of the company that results in or would reasonably expected to result in, a significant change in the market price or value of the company’s securities or that would reasonably expected to have a significant influence on a reasonable investor’s investment decisions.*

*“**Securities**” shall refer to common and preferred shares, if any as well as debt securities like bonds and notes. These may also include securities that are convertible or exchangeable into shares of the company and derivative instruments, agreements or securities (whether or not issued by the company), the market price, value or payment materially referenced to or materially based on a security of the company obligations of which are materially derived from.*

*“**Tipping**” refers to divulging or supplying any material non-public information to anyone who might have the intention to use the same in trading the Issuer’s shares to their personal advantage*

III. Prohibition Against Insider Trading

All ABCI directors, officers, employees and other covered persons are prohibited from trading or dealing BRN shares while in possession of material non-public information and from passing such information to any person who might use such information to trade BRN shares for personal financial gain.

Everyone should exercise prudence in evaluating whether the non-public information he possesses is material or not. Any doubt should be resolved in favor of treating such non-public information as material.

** Please refer to Annex A*

In order to prevent Company insiders from taking unfair advantage over the material non-public information, directors, officers, employees and other covered individuals are, restricted to trade BRN shares on the following prescribed periods:

- a) From the time material non-public information is obtained in relation to the preparation of the Annual and Quarterly Reports required by the SEC, (SEC 17-A and SEC 17-Q, respectively,) and two (2) full trading days after the submission and approval of Annual Report and Quarterly Report; and*
- b) From the time material non-public information is obtained to two (2) full trading days after dissemination of the information to the general public other than item (a) above.*

Full trading days shall be counted from the day after the approval of the disclosure/report by the Philippine Stock Exchange (PSE) through posting on its website.

Covered persons by this policy are as follows:

- all members of the Board of Directors;*
- all key officers of the Company (officers enumerated in the Company's By-Laws including the positions of Vice-President and up)*
- all other officers (not included above) and employees of the Company*

who are or may be in possession of material non-public information about ABCI due to their responsibilities.

The consultants and advisers of the Company as well members of the immediate families of all persons mentioned above are also covered by this policy.

IV. Reportorial Requirements

ABCI' directors and key officers like any other listed companies are required under the Securities Regulation Code and the implementing rules and regulations issued by the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) to report their direct and indirect beneficial ownership of BRN securities as well as any changes in such beneficial ownership.

SRC Rule 23 of the Securities Regulation Code requires directors and key officers of reporting and public companies to submit SEC Form 23-A (Initial Beneficial Ownership Report) on their election or appointment of its beneficial ownership on its Issuer's securities and SEC Form 23-B (Changes in Beneficial Ownership Report) on any changes in such beneficial ownership. PSE Revised Disclosure Rules also require the said directors and officers to submit a report to comply with Section 13 (Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities) and Section 17.5 (Reports on Beneficial Ownership) of the said disclosure rules.

To ensure that such reportorial requirements are timely complied with, directors and key officers must inform the Investor Relations Officer of their direct and indirect beneficial ownership in BRN securities not later than a day after their election or appointment. Likewise, they shall be required to advise the same Investor Relations Officer through email or facsimile the details (transaction type, no. of shares, unit price, and transaction date) of all their transactions (acquisition, disposal and lodgment) with BRN securities the day after the transaction date.

For purposes of the reportorial requirements of the SEC and PSE, a director's or an officer's beneficial ownership of BRN securities shall include not only BRN securities which he directly owns but also BRN securities which are:

- (i.) held by members of his immediate family sharing the same household*
- (ii.) held by a partnership in which he is a general partner*
- (iii.) held by a corporation of which he is the controlling shareholder*
- (iv.) subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities*

A director or an officer is directly and indirectly the beneficial owner of any equity security with respect to which he has or shares:

- (a) voting power which includes the power to vote or to direct the voting of such security and/or
- (b) investment power which includes the power to dispose of, or to direct the disposition of, such security.

All other officers (not included above as key officers) and employees of the Company are required to file the Disclosure of Compliance to the Insider Trading Policy using the format shown on Annex B on or before January 31 of each year.

For the initial year of the implementation, other officers and employees not covered by SEC Form 23-A shall disclose its shareholdings using the same form. The newly hires shall likewise file the disclosure within five (5) days from the assumption of employment.

V. Monitoring and Compliance

Violation or non-compliance with this policy may result to disciplinary action without prejudice to any criminal and civil liabilities which the company or regulators may file for violation of existing laws. Violation of such securities laws could expose directors, officers, employees and other covered persons to personal liability or other penalties. Penalties or fines may likewise be imposed by the regulators for the late filing of SEC Form 23-A (Initial Beneficial Ownership Report) and SEC Form 23-B (Changes in Beneficial Ownership Report) of the directors and officers based on Rule 23 of the Securities Regulation Code as well as the requirement of Section 13 (Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities) and Section 17.5 (Reports on Beneficial Ownership) of PSE Revised Disclosure Rules.

Strict observance of these guidelines is therefore enjoined. For any clarifications about the enforcement of the policy, covered persons may contact the Compliance Officer for consultation.

Grievance Procedure

The procedure on handling administrative cases embodied in Employee's Code of Conduct shall be followed as it deems practicable for determining violations and providing due process to the employees concerned.

The Governance Committee should conduct an investigation or create a special fact-finding committee, if warranted, to determine any violations of this policy. The special fact-finding committee may be composed of the HRD, Vice President –Administration, Vice President – Finance or other officer as the Governance Committee deemed fit. A disciplinary action or penalty for erring employees will be recommended by the special fact-finding committee with the approval of the Governance Committee and Executive Chairman for any violation against this policy, in consultation with the Compliance Officer. Any member of the panel who are accused of the violation shall be deemed relieved from its post as member of the panel.

Likewise, the Governance Committee in consultation with the Compliance Officer shall be responsible for determining violations committed by any directors and/or officers through notice and hearing and shall recommend to the Chairman of the Board the penalty for such violation, for further review and approval of the Board.

The Offense and Disciplinary Action

Violation of this Insider Trading Policy by the employees can be classified depending on the degree of violation: non-submission of the disclosure form can be classified as Type B offense and transacting the securities during black-out period and tipping can be classified as Type E offense. Tipping of material non-public information constitutes also violation of Section 11 of the Article III of the Corporate Code of Conduct which is Type E offense with penalty of dismissal.

Section 11 of Article III (Offenses Against Company Interest and Policy) of the Corporate Code of Conduct: Giving away or disclosing without permission any valuable information acquired by his office, or by him

on account of his position, to unauthorized persons, or making available such information in advance of its authorized release date and where in the process, the interest of the company is prejudiced. (Type E offense)

TYPE OF OFFENSE	LEVEL OF OFFENSE	DISCIPLINARY ACTION
<i>E</i>	<i>1st</i>	<i>Dismissal (Included in type E offenses are those covered by law as just cases for termination of employment.)</i>

Likewise, if a director and/or officer is found to be in violation of this policy and/or securities laws (e.g. non-submission for the report on SEC 23-A and SEC 23-B for key officers; transacting the Company's securities within the black-out period; tipping of material non-public information), the Governance Committee in consultation with the Compliance Officer shall recommend to the Chairman of the Board, for further review and approval of the Board, the penalty for such violation depending on the gravity of the offense which can either be reprimand, suspension or removal from office.

VI. Policy Review

The Governance Committee shall review and assess periodically the adequacy of this Policy for consideration by the Board of Directors. Any provisions may be amended and shall be effective upon due notice given to directors, officers and employees of the company including those covered persons by this policy.

ANNEX A:

MATERIAL INFORMATION – SEC FORM 17-C (CURRENT REPORT) OF SRC RULE 17 AND SECTION 4.4 (EVENTS MANDATING PROMPT DISCLOSURE) OF PSE REVISED DISCLOSURE RULES

SRC Rule 17.1 – Reportorial Requirements

Every issuer (reporting and public companies) shall file with the Commission:

iii. 1. A current report on SEC Form 17-C, as necessary, to make full, fair and accurate disclosure to the public of every material fact or event that occurs, which would reasonably be expected to affect investors' decisions in relation to those securities.

An illustrative, non-all inclusive, list of events which shall be reported pursuant to this paragraph is contained in SEC Form 17-C. Merely because as an event does not appear in that list does not mean that it does not have to be reported if, in fact, it is material.

*The following are considered as **material information based on SEC Form 17-C:***

- Item 1. changes in control of Issuer*
- Item 2. acquisition or disposition of significant amount of assets or amounting to ten percent (10%) or more of the company's total assets*
- Item 3. changes in Issuer's certifying accountant (resignation or dismissal and appointment of new independent accountant)*
- Item 4. resignation, removal or election of registrant's directors or officers*
- Item 5. legal proceedings*
- Item 6. changes in securities*
- Item 7. defaults upon senior securities*
- Item 8. change in fiscal year*
- Item 9. other events*

(a) To the extent not covered above, the following are illustrative of the types of events required to be reported under this Item

- 1) changes in the issuer's corporate purpose and any material alteration in the issuer's activities or operations or the initiation of new ones;*
- 2) resignation or removal of officers or senior management and their replacements;*
- 3) any decision taken to carry out extraordinary investments or the entering into financial or commercial transactions that might have a material impact on the issuer's situation;*
- 4) losses of a significant part of the issuer's net worth;*
- 5) occurrence of any event of dissolution with details in respect thereto;*
- 6) acts and facts of any nature that might seriously obstruct the development of corporate activities, specifying its implications on the issuer's business;*
- 7) any licensing or franchising agreement or its cancellation which may materially affect the issuer's operations;*
- 8) any delay in the payment of debentures, negotiable obligations, bonds or any other publicly traded security;*
- 9) creation of mortgages or pledges on assets when they exceed a significant part of the issuer's net worth;*
- 10) any purchase or sale of stock or convertible debt securities of other companies when the amount exceeds a significant part of the issuer's or purchaser's net worth;*
- 11) contracts of any nature that might limit the distribution of profits with copies thereof;*
- 12) postponement of stockholders' meeting according to the by-laws or as previously scheduled;*
- 13) declaration of any kind of dividend;*
- 14) change in business address or location of principal plant;*
- 15) facts of any nature that materially affect or might materially affect the economic, financial or equity situation of those companies controlling, or controlled by the issuer including the sale of or the constitution of sureties/pledges on an important part of such issuer's assets;*

- 16) authorization, suspension, retirement or cancellation of the listing of the issuer's securities on an exchange or organized over-the-counter electronic marketplace domestically or abroad;
- 17) fines of more than P 50,000 and/or other penalties to the issuer or to its subsidiaries by regulatory authorities and the reasons therefore;
- 18) merger, consolidation or spin-off of the issuer;
- 19) Entry into or termination of a material agreement not made in the ordinary course of business;
- 20) Termination or reduction of a business relationship with a customer that constitutes a significant amount of the company's resources;
- 21) Events triggering a direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- 22) Material modifications to rights of holders of the company's securities;
- 23) Grant of the subscription rights to new shares as stock options;
- 24) Credits of subsidiary become likely to be in default;
- 25) Material conditional provisions in any agreement concerning ownership or control;
- 26) Changes in a material contract which may have financial, technological or administrative impact on the company;
- 27) Renegotiations or restructuring of debts;
- 28) Modification of disclosed projects by the company;
- 29) Any restructuring of the company's equity which has been approved by the Board of Directors;
- 30) similar transactions as items 3, 10 and 18, entered into by any director, officer or substantial stockholder of the issuer as a representative of a group of companies in which the issuer is a member thereof

Item 10. fraud and error

Item 11. financial statements and exhibits

- (a) financial statements of businesses acquired
- (b) pro-forma financial information
- (c) exhibits

Section 4.4 – Revised Disclosure Rules of the Philippine Stock Exchange

Events Mandating Prompt Disclosure – The following events, while not comprising a list of all the situations must be disclosed to the Exchange in compliance with Section 4.1 hereof:

- a.) A change in control of the Issuer
- b.) The filing of any legal proceeding by or against and/or its subsidiaries, involving claim amounting to 10% or more of the Issuer's total current assets or any legal proceedings against its President and/or any member of its Board of Directors in their capacity as such
- c.) Changes in the Issuer's corporate purpose and any material alterations in the Issuer's activities or operations or the initiation of new ones
- d.) Resignation or removal of directors, officers or senior management and their replacements and the reasons for such
- e.) Any decision taken to carry out extraordinary investments or the entering into financial or commercial transactions that might have a material impact on the Issuer's situation
- f.) Losses or potential losses, the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Issuer
- g.) Occurrence of any event of dissolution with details in respect thereto
- h.) Acts and facts of any nature that might seriously obstruct the development of corporate activities, specifying its implications on the Issuer's business
- i.) Any licensing or franchising agreement or its cancellation which may materially affect the Issuer's operations
- j.) Any delay in the payment of debentures, negotiable obligations, bonds or any other publicly traded security

- k.) *Creation of mortgages or pledges on assets exceeding ten (10%) or more of the Issuer's total assets*
- l.) *Any purchase or sale of stock or convertible debt securities of other companies when the amount is ten percent (10%) or more of the Issuer's total assets*
- m.) *Contracts of any nature that might limit the distribution of profits with copies thereof*
- n.) *Facts of any nature that materially or might materially affect the economic, financial or equity situation of those companies controlling, or controlled by the Issuer including the sale of or the constitution of sureties/pledges on a substantial part of its assets*
- o.) *Authorization, suspension, retirement or cancellation of the listing of the Issuer's securities on an exchange or electronic marketplace domestically or abroad*
- p.) *Fines of more than Php 50,000.00 and/or other penalties on the Issuer or on its subsidiaries by regulatory authorities and the reasons therefor*
- q.) *Merger, consolidation or spin-off of the Issuer*
- r.) *Any modification in the rights of the holders of any class of securities issued by the Issuer and the corresponding effect of such modification upon the rights of the holders*
- s.) *Any declaration of cash dividend, stock dividend and pre-emptive rights by the Board of Directors*
- t.) *Any change in the Issuer's fiscal year and the reason(s) therefor*
- u.) *All resolutions, approving material acts or transactions, taken up in the meetings of the Board of Directors and Stockholders of the Issuer*
- v.) *A joint venture, consolidation, acquisition, tender offer, take-over or reverse take-over and a merger*
- w.) *Capitalization issues, options, directors/officers/employees stock option plans, warrants, stock splits and reverse splits*
- x.) *All calls to be made on unpaid subscription to the capital stock of the Issuer*
- y.) *Any change of address and contact numbers of the registered office of the Issuer*
- z.) *Any change in the auditors of the Issuer and the corresponding reason for such change*
- aa.) *Any proposed amendment to the Articles of Incorporation and By-Laws and its subsequent approval by the Commission*
- bb.) *Any action filed in court, or any application filed with the Commission, to dissolve or wind-up the Issuer or any of its subsidiaries, or any amendment to the Articles of Incorporation shortening its corporate term*
- cc.) *The appointment of a receiver or liquidator for the Issuer or any of its subsidiaries*
- dd.) *Any acquisition of shares of another corporation or any transition resulting in such corporation becoming a subsidiary of the Issuer*
- ee.) *Any acquisition by the Issuer of shares resulting in its holding 10% or more of the issued and outstanding shares of another listed company or where the total value of its holdings exceed 5% of the net assets of an unlisted corporation*
- ff.) *Any sale made by the Issuer of its shareholdings in another listed or unlisted corporation; (1) resulting in such corporation ceasing to be its subsidiary; (2) resulting in its shareholding falling below 10% of the issued capital stock*
- gg.) *Firm evidence of significant improvement or deterioration in near-term earnings prospects*
- hh.) *The purchase or sale of significant assets amounting to ten percent (10%) or more of the Issuer's total assets otherwise than in the ordinary course of business*
- ii.) *A new product or discovery*
- jj.) *The public or private sale of additional securities*
- kk.) *A call for redemption of securities*
- ll.) *The borrowing of a significant amount of funds not in the ordinary course of business*
- mm.) *Default of financing or sale agreements*
- nn.) *Deviation from capital investment funds equivalent to twenty percent (20%) of the original amount appropriated*
- oo.) *Dispute with subcontractors, customers or suppliers or with any other parties*
- pp.) *An increase or decrease by 10% in the monthly, quarterly and annual revenues on a year-on-year basis*

Section 13 (Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities) of the Revised Disclosure Rules provides that "A Director or a Principal Officer of an Issuer must not deal in the Issuer's securities during the period within which a material non-public information is obtained and up to two full trading days after the price sensitive information is disclose." (Section 13.2)

Disclosure of any material fact or event that would reasonably be expected to affect investor's decision in relation to trading of its securities or price-sensitive information including submission of SEC Form 17-Q (Quarterly Report) and SEC Form 17-A (Annual Report) is covered under the Black-out Rule.

ANNEX B:

DISCLOSURE OF COMPLIANCE TO THE INSIDER TRADING POLICY

For the Year _____

Initial Disclosure

I hereby certify that I have no ownership of any securities (e.g. shares of stock, bonds, notes, etc.) of the company as of _____.

I hereby certify that I have ownership in the securities of the company with the following details:

Type of Securities (Shares/Bonds/Notes)	Number of Units	Cost	Total Cost

Subsequent Disclosure

Trading of Securities

I hereby certify that **I have no ownership** of any securities (e.g. shares of stock, bonds, notes, etc.) of the company and thus, **did not transact** any of the company's securities within the reporting period.

I hereby certify that **I have ownership** of any securities (e.g. shares of stock, bonds, notes, etc.) of the company and **did not transact** any of the company's securities within the reporting period.

Type of Securities (Shares/Bonds/Notes)	Number of Units	Cost	Total Cost

I transacted in the securities of the company with the following details: (Please use another sheet if necessary)

Date of the Transaction	Nature of the Transaction (Sale/Purchase)	Type of Securities (Shares/Bonds/Notes)	Number of Units	Price/Cost	Total Price/Cost

Tippling of Material Non-Public Information

I hereby certify that I

was not as

involved in tipping any material non-public information that violates Insider Trading Policy.

I understand that if I have violated the Insider Trading Policy, I will be subjected to disciplinary action under this policy and the Company's Corporate Code of Conduct.

Signature over Printed Name/Date