

# COVER SHEET

P W 2 2 5        
S.E.C. Identification No.

**GLOBALPORT 900, INC.**  
(Formerly MIC Holdings, Inc.)

(Company's Full Name)

**Unit 2701 One Corporate Centre Meralco Ave., Pasig City**  
(Business Address: No. Street City/Town/Province)

**Marvee M. Espejo**  
Contact Person

**637-8851**  
Company Telephone Number

1 2  
Month Fiscal Year

3 1  
Day

**Manual on Corporate Governance**

FORM TYPE

**Any day in June**

Month Date  
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.  
Number/Section

Amended Article

**52**  
Total No. of Stockholders

Total Amount of Borrowings  
   
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_  
LCU

Document I.D.

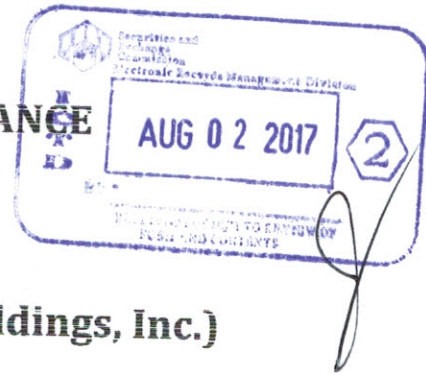
\_\_\_\_\_  
Cashier

Remarks = pls. Use black ink for scanning purposes

# MANUAL ON CORPORATE GOVERNANCE

Of

## GLOBALPORT 900, INC. (Formerly MIC Holdings, Inc.)



The Board of Directors (also referred to as the "Board") and Management, i.e. officers and staff of **Globalport 900, Inc. (Formerly MIC Holdings, Inc.)** (the "Corporation"), commit themselves to a transparent governance process through which its stockholders and other stakeholders may see that the Corporation is being managed ethically and in accordance with the principles and best practices contained in this Manual, purposely established for the attainment of corporate goals.

**Section 1. Objective.** This Manual shall institutionalize the principles of good corporate governance in the Corporation. Corporate governance is the framework of rules, systems, and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities.

The Board of Directors (the "Board") and Management, employees and shareholders consider corporate governance an essential component of what constitutes sound strategic business management and will therefore pursue and implement the necessary actions and measures to educate and create awareness within the organization within a reasonable period from the date hereof.

### Section 2. Board of Directors

#### 2.1. Board Governance

The Board is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on management. It shall foster long-term success, sustain its competitiveness and profitability, and ensure that this is done in a manner consistent with its corporate objectives. The Board shall conduct itself with utmost honesty and integrity and ensure a high standard of best practice for the Corporation.

#### 2.2. Composition of the Board

- The amended By-Laws of the Corporation provides that the Board shall consist of nine (9) members who must be from among the stockholders and who shall be nominated and elected by the stockholders. There shall be 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) to be nominated and elected to the Board.

- The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.
- The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board and hold separate periodic meetings with the external auditor to ensure checks and balances within the corporation.
- The Corporation shall undertake to require directors to attend a seminar on corporate governance by a duly recognized private or government institute.
- The Board shall designate a Lead Director among the Independent Directors, who shall lead the independent directors and advise the Board on matters where there may be an actual or perceived conflict of interest. He must serve as an intermediary between the Chairman and the other directors when necessary, convene meetings of non-executive directors, and contribute to the performance evaluation of the Chairman, as required.

### *2.3. Training*

- The Corporation shall provide a comprehensive 8-hour orientation program for new directors and an annual 4-hour continuing training for existing directors.
- The Corporation shall also provide general access to training courses to its directors as a matter of continuous professional education and to maintain their skills as directors and keep them updated in their understanding of the Corporation's business.

### *2.4. Multiple Board Seats*

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

- The nature of the business of the corporations which he is a director;
- Age of the director;
- Number of directorship/active membership and officership in other corporations or organizations;
- Possible conflict of interest; and
- The Chief Executive Officer (CEO) and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent or 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.

The optimum number that its members can hold shall be related to the capacity of a director to diligently and efficiently perform his duties and responsibilities.

## *2.5. Board Diversity*

The Board shall be composed of a mix of competent directors and officers in order to observe a policy on diversity in age, gender, ethnicity, experience, expertise, and personal qualities.

## *2.6 General Duties and Responsibilities of the Board*

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation and its shareholders.

The Board should 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.

## *2.7. Duties and Functions of the Board*

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

- Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies; appoint competent, professional, honest and highly-motivated management officers; and adopt an effective succession planning program for Management;
- Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation. If feasible, the corporation's CEO or Chief Financial Officer shall exercise oversight responsibility over this program;
- Adopt a system for identification of the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them.
- Adopt a system of internal checks and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporations's internal control system in order to maintain its adequacy and effectiveness;

- Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- Adopt a system that ensure the integrity and transparency of related party transactions between the Corporation and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationship by members of the Board;
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities;
- Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation;
- Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment , the Corporate Secretary shall act as Compliance Officer; and
- Periodically evaluate and monitor the implementation of the above stated policies and strategies, including business plans, operating budgets, and Management's overall performance.

### *2.8. Specific 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 shall also exercise leadership, prudence and integrity in directing the Corporation's affairs.

A director shall observe the following norms of conduct:

- Conduct fair business transactions with the Corporation and to ensure that personal interest does not conflict the interests of the Corporation;
- Devote time and attention necessary to properly discharge his duties and responsibilities;
- Act judiciously;
- Exercise independent judgment;
- 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 rules and regulations of the Commission, and where applicable, the requirements of other regulatory agencies;
- Observe confidentiality; and
- Attend all regular and special meetings of the Board.

### *2.9. The Chairman and Chief Executive Officer*

The respective roles of the Chairman of the Board (the "Chairman") and the Chief Executive Officer (the "CEO") are complimentary, ensuring an appropriate balance of power, increased accountability and further providing a greater capacity of the Board for independent decision making.

If the positions of the Chairman and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspective.

Both the Chairman and the CEO shall attend all Annual and Special Stockholders' meeting.

### *Duties and Responsibilities of the Chairman in Relation to the Board*

- Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chair may deem necessary;
- Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
- Maintain qualitative and timely lines of communication and information between the Board and Management.

### *2.10. Board Meetings and Quorum Requirement*

The members of the Board shall attend the regular and special meetings in person or through teleconferencing and videoconferencing (i.e. conferences or meetings through electronic medium or telecommunications where the participants who are not physically present are located at different local or international places) conducted in accordance with the rules and regulations of the Commission. If possible, Independent directors shall always attend Board meetings. To promote transparency, the Board shall require the presence of at least one independent director in all its meetings.

The Corporate Secretary shall submit to the Commission, on or before January 30 of the following year, a sworn certification as to the attendance of the directors during Board meetings. The certification shall be submitted through SEC Form 17-C or in a separate filing.

### *2.11. Internal Control Responsibilities of the Board*

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by

effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:
  - a) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;
  - b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
  - c) Evaluation of proposed senior management appointments;
  - d) Selection and appointment of qualified and competent management officers; and
  - e) Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- The scope and particulars of the systems of effective organizational and operational controls of the Corporation depends on the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
- Establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

#### *2.12. Remuneration of Directors and Officers*

The Corporation may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on its particular needs. No director should participate in deciding on his remuneration.

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

To protect the funds of a corporation, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

### **Section 3. Corporate Secretary**

The Board is assisted by the Corporate Secretary, who is an officer of the Corporation and separate from the Compliance Officer. The Corporate Secretary shall not be a member of the Board and shall annually attend a training on corporate governance. He is primarily responsible to the Corporation and the stockholders and his loyalty is to the mission, vision, and business objectives of the corporation.

The Corporate Secretary must possess administrative and interpersonal skills, and if not the general counsel, must have some legal skills. He must also have some financial and accounting skills, working knowledge of the operations of the Corporation and shall be a Filipino citizen.

The Corporate Secretary shall have the following responsibilities:

- Assist the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of Board and Committee meetings and the annual board calendar and assisting the Chairs of the Board and its Committees to set agenda for those meetings.
- Safekeep and preserve the integrity of the minutes of the meetings of the Board and its Committees and other official records of the Corporation.
- Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation and advises the Board and Chairman on all business and operational issues as they arise.
- Work fairly and objectively with the Board, management, and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the board and its stockholders.
- Advise on the establishment of Board Committees and their terms of reference.
- Inform the Board the agenda of their meetings and ensure that 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 prevent him from doing so.
- Perform required administrative functions.
- Perform such other duties and responsibilities as may be provided by the SEC.

### **Section 4. Compliance Officer**

To ensure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall monitor the progress and status of the corporation's corporate governance activities. He shall have the rank of Senior Vice President or equivalent. He should not be a member of the Board and should



annually attend a training on corporate governance. He shall have direct reporting responsibilities to the Chairman of the Board.

The Compliance Officer shall have the following duties and responsibilities:

- Ensure proper onboarding of new directors
- Monitor, review, evaluate and ensure compliance by the Corporation, its officers and directors with relevant laws, the Code of Corporate Governance, rules and regulations of all government regulatory agencies.
- Report the matter to the board if violations are found and recommends the imposition of appropriate disciplinary actions.
- Ensure the integrity and accuracy of all documentary submissions
- Appear before the SEC when summoned in relation to compliance with the Code of Corporate Governance.
- 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 of key officers to relevant trainings.
- Perform such other duties and responsibilities as may be provided by the SEC.

## **Section 5. Board Committees**

The Board may create such committees as it may deem necessary and beneficial to the internal regulation of the Corporation in accordance with the Corporation's By-Laws as well as in accordance with good corporate governance. The Board shall constitute the following committees with the following principal duties and responsibilities:

### A. Nomination Committee

The Board shall create a Nomination Committee which shall be composed of at least three (3) members and one of whom must be an Independent Director.

*Duties and Responsibilities:*

- Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors; and
- Review, evaluate, and shortlist all candidates nominated to become a member of the board of directors and other appointments that require Board approval in accordance with the following qualifications and disqualifications:

*Qualifications of a Director:*

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the following additional qualifications for membership to the Board are required:

- He shall be a holder of at least one (1) share of stock of the Corporation;
- He shall possess at least a college or equivalent academic degree;
- He shall be at least twenty one (21) years old;
- He shall have been to possess integrity and probity;
- He shall be assiduous;
- He must have a practical understanding of the business of the Corporation; and
- He shall have previous business experience and must be a member in good standing in a relevant industry, business or professional organization

For the Independent Director/s: He shall, apart from his fees and shareholdings, be independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation.

#### *Disqualifications of a Director:*

##### 1. Permanent Disqualification

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

- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been

- restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
- Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
  - Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
  - Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;
  - Any person judicially declared as insolvent;
  - Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above;
  - Any person who has been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

## 2. Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

- Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as the refusal persists;
- Absence in more than fifty percent (50%) 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. This disqualification shall apply for purposes of the succeeding election;
- Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

### *Additional Temporary Disqualification for Independent Directors*

- 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. This disqualification shall be lifted if the limit is later complied with.
- Any person who was an officer, employee or consultant of the Corporation within the last two (2) years immediately preceding the date of his nomination as an independent director. The disqualification shall be lifted upon the lapse of the two-year period.

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.

### B. Compensation or Remuneration Committee

The Compensation or Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.

#### *Duties and Responsibilities:*

- Assist the Board in establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors;
- Provide oversight over remuneration of senior management and other key personnel and ensure that compensation is consistent with the Corporation's culture, strategy and control environment.
- Ascertain that the remuneration shall be of a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully;
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- Disallow any director to decide his or her own remuneration;
- Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts; and
- Cause the development of such, covering the same parameters of governance stated above in the absence of a Personnel Handbook.

### C. Audit Committee

The Audit Committee shall be composed of at least three (3) directors who shall preferably have accounting and finance background. Of the three (3) members, one must be an independent director and another with audit experience. Each member shall

have at least an adequate understanding of most of the Corporation's financial management systems and environment.

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

- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
- Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions ;
- Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- Review the report submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on any change/s in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, and regulatory requirements.
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Committee shall 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

Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly 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.

#### D. Corporate Governance Committee

The Corporate Governance Committee shall be composed of at least three (3) members, all of whom should be independent directors. Each member shall have adequate and competent understanding of corporate governance principles and practices.

It shall oversee the implementation of corporate governance framework and periodically review the same, ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement, ensure that the assessment shall be supported by an external facilitator every three (3) years, recommend continuing education and training programs for the Board, officers, and management, adopt corporate governance policies and ensure that these are reviewed, updated, and implemented, determine the nomination and election process, establish a formal and transparent procedure to develop a policy for determining the remuneration of directors, and perform other duties and responsibilities as the committee may deem appropriate within the scope of its functions.

#### F. Executive Committee

The Executive Committee shall consist of at least three members of the Board, appointed by the Board and who shall appoint their own Committee chairperson and secretary. Its primary purpose is to function when the Board is not in session. It shall have all the power and authority of the Board in the governance, management, and direction of the business affairs of the Company, express those matters provided by Section 35 of the Corporation Code.

It shall assist the Board in overseeing the implementation of strategies and sustaining the Corporation's long-term success, review of major issues facing the corporation, monitor the operations of the corporation and each business group, define and monitor the corporation's performance improvement goals, defining group-wide policies and actions, fostering the sharing of information in all areas of the business group, perform other functions as the committee may deem appropriate within the scope or as assigned by the Board.

An act of the ExComm which is within its powers shall not require ratification or approval for its validity or effectivity.

### **Section 6. Adequate and Timely Information**

It shall be the Management's responsibility to provide the Board members complete, adequate and timely information prior to any Board meeting. The information may

include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budget, forecasts and monthly internal financial statements.

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

## **Section 7. Accountability and Audit**

The Board shall primarily be accountable to the shareholders and shall thus provide the shareholders with a balanced and understandable assessment of the Corporation's performance, position and prospects on a quarterly basis. The Management shall be primarily be accountable to the Board and shall thus provide all members of the Board with a balanced and understandable account of the Corporation's performance, position and prospects on a monthly basis. Further, Management, under the supervision of the Audit Committee, shall primarily be responsible in making financial reporting and internal control in accordance with the following guidelines:

- Present a balanced and understandable assessment of the Corporation's position and prospects. The Board's responsibility to present a balanced and understandable assessment shall be extended to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
- Report that the business is a going concern, with supporting assumption or qualifications, if necessary;
- Maintain a sound system of internal control to safeguard stakeholders' investment and the Corporation's assets;
- Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
- The Corporation shall consistently comply with the financial reporting requirements of the Commission auditing. The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

## **Section 8. External Auditor**

The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independent. If an appointment of an external auditor has been made it should be subject for ratification by the stockholders.

The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Corporation's current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.

If an external auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

## **Section 9. Internal Auditor**

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

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

The Internal Auditor shall report to the Audit Committee.



## **Section 10. Stockholders' Rights and Protection of Minority Stockholders' Interest**

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

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

- Right to vote on all matters that require their consent or approval;
- Pre-emptive right to all stock issuances of the Corporation;
- Right to inspect corporate books and records;
- Right to information;
- Right to dividends; and
- Appraisal Right.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

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

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

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

## **Section 11. Professional Training and Development Program**

The Corporation shall adopt a professional training and development program for its employees and officers as well as succession planning for senior management and key positions in the Corporation.

## **Section 12. Confidentiality and Use of Material Inside Information**

The directors, officers and consultants of the Corporation shall observe confidentiality of material, inside, non-public information acquired by reason of their office and will not use and/or disclose any information to any other person without the authority of the Board.

## **Section 13. Reportorial or Disclosure System of Corporate Governance Policies**

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.

All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.

Information that include remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions shall always be disclosed.

All disclosed information shall be released via the approved stock exchange procedure for corporation announcements as well as through the annual report.

## **Section 14. Monitoring and Assessment**

- Each Committee shall report regularly to the Board of Directors.
- The Compliance Officer shall establish an internal self-rating system to determine and measure performance of the Board and Management in compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Section 16 of this Manual.
- The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A) 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.
- This Manual shall be subject to annual review or at such frequency as may be determined by the Board. A scorecard shall be accomplished annually on the scope, nature and extent of the Corporation's actions taken to meet the objectives of the Code as required by the Securities and Exchange Commission.

## **Section 15. Communication Process**

- Subject to existing rules, this Manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.

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

### **Section 16. Penalties for Non-Compliance with the Manual**


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

- 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 may be imposed depending on the gravity of the violation.

The commission of a third violation of this Manual by any member of the Board of the Corporation or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

### **Section 17. Effectivity**

This Manual on Corporate Governance has been approved pursuant to the requirement of SEC Memorandum Circular No. 19 Series of 2019, or the Code of Corporate Governance for Publicly-Listed Companies and shall be effective upon its approval by the Commission.



**MICHAEL L. ROMERO**  
*Chairman of the Board*



**MARVIE M. ESPEJO**  
*Acting Corporate Secretary*