



CONCRETE AGGREGATES CORPORATION

26 May 2017

THE PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**
OIC - Head, Disclosure Department

Gentlemen:

Please find attached a copy of Concrete Aggregates Corporation's Manual on Corporate Governance which we filed with the Securities and Exchange Commission earlier today, 26 May 2017.

Thank you and best regards.

Very truly yours,


ISAGANI ELIAS A. ELACIO
Corporate Information Officer

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

JOSE ANTONIO V. EVANGELISTA III

Contact Person

6311231

Company Telephone Number

1	2
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Month
Fiscal Year

3	1
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Day

0	6
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Month

2	9
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Day

Annual Meeting

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FORM TYPE

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

565

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

PSE Security Code _____
SEC Number 36140
File Number _____

CONCRETE AGGREGATES CORPORATION

(Company's Full Name)

9th Floor Ortigas Building, Ortigas Ave., Pasig City

(Company's Address)

631-1231
fax no.: 631-6517

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

SEC Form 17-C
Manual on Corporate Governance

(FORM TYPE)

(Amendment Designation if Applicable)

Period Ended Date

Permit to Offer Securities for Sale

(Secondary License Type, if any)

SECURITIES AND EXCHANGE COMMISSION

SEC 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.1 THEREUNDER**



1. 26 May 2017

.....
Date of Report (Date of earliest event reported)

2. SEC Identification Number: 36140

3. BIR Tax Identification No. 000-201-881-V

4. Concrete Aggregates Corp.

.....
Exact name of issuer as specified in its charter

5. Philippines

.....
Province, country or other jurisdiction of
incorporation

.....
Industry Classification Code:

(SEC Use Only)

6. 9/F Ortigas Building, Ortigas Avenue, Pasig City

1600

.....
Address of principal office

.....
Postal Code

7. (02) 631-12-31

.....
Issuer's telephone number, including area code

8. Not Applicable

.....
Former name or former address, if changed since last report

9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Common Class

27,466,449

10. Indicate the item numbers reported herein:

Item 9



CONCRETE AGGREGATES CORPORATION

26 May 2017

THE SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA Greenhills
Mandaluyong City

Attention: **Director Justina F. Callangan**
Corporation Finance Department

Gentlemen:

In compliance with Memorandum Circular No. 19, Series of 2016, mandated by the Securities and Exchange Commission's (SEC), please find attached a copy of the Manual on Corporate Governance of Concrete Aggregates Corporation (CAC).

Thank you and best regards.

Very truly yours,



ISAGANI ELIAS A. ELACIO
Assistant Corporate Secretary

MANUAL ON CORPORATE GOVERNANCE

Concrete Aggregates Corporation

We, the Board of Directors and Management of Concrete Aggregates Corporation, hereby commit ourselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

1 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 a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

2 COMPLIANCE SYSTEM

2.1 Compliance Officer

2.1.1. The Board shall appoint a Compliance Officer with adequate stature and authority in the corporation, and is primarily liable to the corporation and its shareholders. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance. He has, among others, the following duties and responsibilities:

- Ensure proper onboarding of new directors (i.e., orientation on the company's business charter, articles of incorporation and by-laws, among others);
- Monitor, review, evaluate and ensure 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; and if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- Ensure the integrity and accuracy of all documentary submissions to regulators;
- Appear before the Securities and Exchange Commission (the "Commission") when summoned in relation to compliance with this Code; and

- Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- Identify possible areas of compliance issues and work towards the resolution of the same;
- Ensure the attendance of board members and key officers to relevant trainings; and
- Perform such other duties and responsibilities as may be provided by the SEC.

2.1.2. The appointment of the Compliance Officer shall be immediately disclosed to the Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Compliance Officer.

2.2 Plan of Compliance

2.2.1. Board of Directors

The Board of Directors (the "Board"), composed of a majority of non-executive directors, is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

2.2.1.1. General Responsibility

It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. 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.

2.2.1.2. Specific Duties and Functions

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

- 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;

- Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.
- Ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.
- Ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.
- Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.
- Encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.
- Identify the stakeholders in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- Identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.
- Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- Set performance objectives;
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- Adopt a system of checks and balances within the Board.
- Provide sound strategic policies and guidelines to the corporation on major capital expenditures and establish programs that can sustain its long-term viability and strength.

Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.

- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions and other unusual or infrequently occurring transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value.
- Align the remuneration of key officers and board members with the long-term interest of the company by adopting a policy that specifies the relationship between remuneration and performance.
- Approve the selection and assess the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Compliance Officer, and Chief Audit Executive).
- 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.
- Adopt a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation.
- Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. The Investor Relations Office (IRO), in case it is established, should be present at every shareholders' meeting and ensure constant engagement with its shareholders.

- Establish and maintain an alternative dispute resolution system in the corporation that can amicably and effectively settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- Appoint a Compliance Officer.
- Adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the company website.
- Establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.
- Establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and its governance.
- Adopt an anti-corruption policy and program and disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.
- Establish a framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear or retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.
- Adopt a policy on the training of directors to keep each one updated on the relevant aspects of the business and on good corporate governance.
- Establish a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.
- Oversee major capital expenditures, acquisitions and divestitures;

- Evaluate the experience and qualifications of individual board members and key executives, and assess any potential conflicts of interest that might affect their judgment.
- Monitor implementation and corporate performance;
- Review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans;
- Conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees.

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.

2.2.1.3. Board Meetings and Quorum Requirement

The members of the Board should attend and actively participate in its regular and special meetings in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the directors should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations. Independent directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings. To monitor the directors' compliance with the attendance requirements, the corporation shall submit to the Commission, within five (5) days from the end of the company's fiscal year, an advisement letter about the directors' record of attendance in Board meetings, in accordance with the rules and regulations of the Commission.

2.2.1.4. Duties and Responsibilities of a Director

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

A director should observe the following norms of conduct:

- i. Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.
- ii. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.
- iii. Act judiciously.
- iv. Exercise independent judgment.
- v. Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.
- vi. Observe confidentiality.
- vii. Abstain from taking part in the deliberations of any transaction affecting the corporation which a director has a material interest in.
- viii. Notify the Board where he/she is an incumbent director before accepting a directorship in another company.
- ix. Effectively participate and help secure objective, independent judgment on corporate affairs to substantiate proper checks and balances.

An independent director should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director.

2.2.2. Non-Executive Directors

The non-executive directors (NEDs) should have, if practicable, separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director.

2.2.3. Independent Directors

An Independent Director refers to a 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 company; a director, officer, employee of the company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the company's substantial shareholders and its related companies;
- c. Has not been appointed in the company, its subsidiaries, associates or 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 company, its subsidiaries, associates, affiliates or related companies;
- e. Is not a relative of a director, officer, or substantial shareholder of the 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 affirm, as a professional adviser, auditor, consultant, agent or counsel of the 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 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 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 company's executives serve as directors.

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

2.2.3.1. Lead Independent Director

The functions of the lead independent 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; and
- c. Contributes to the performance evaluation of the Chairman, as required.

2.2.4. Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance and focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

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

2.2.4.1. Corporate Governance Committee

The Board shall constitute a Corporate Governance Committee, which shall be composed of at least three (3) members, and one of whom should be an independent director, 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 CG Committee is likewise tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

- Oversee 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;
- Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- 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;
- Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- Proposes and plans relevant trainings for the members of the Board;
- 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;
- 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.
- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent

with the corporation's culture, strategy and the business environment in which it operates.

- Designate the amount of remuneration, which shall be in a sufficient level to attract and retain the services of qualified and competent directors and officers.
- Establish a formal and transparent procedure for developing a policy on executive remuneration or determination of remuneration levels of individual directors, if any, and officers, depending on the particular needs of the corporation.
- 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.
- Provide in the corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of all compensation paid to its directors and top four (4) management officers during the previous fiscal year.
- 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.
- Pre-screens and shortlists all candidates nominated to become a member of the board of directors in accordance with the following qualifications and disqualifications:

Qualifications

- Holder of at least one (1) share of stock of the corporation;
- He shall be at least a college graduate or have sufficient working knowledge, experience or expertise

that is relevant 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 competence, integrity and probity; and
- He shall be assiduous.

Permanent Disqualifications

The following shall be disqualified from becoming a director in the corporation:

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

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

or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- iii. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- iv. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rules, regulations or orders;
- v. Any person judicially declared as insolvent;
- vi. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in the above sub-paragraphs (i) to (iv) above;
- vii. Any person convicted 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.
- viii. Other grounds as the SEC may provide.

Temporary Disqualifications

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

- i. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- ii. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his

incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

- iii. Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance promulgated by 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.
- iv. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- v. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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

2.2.2.1.2. In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

2.2.2.1.3. The Corporate Governance Committee shall consider the following guidelines in the determination of the number of directorships that members of the Board can hold in corporations:

- The nature of the business of the corporations of which he is a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The Chief Executive Officer 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, non-executive directors who serve as full-time executives in other corporations, and concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company. In any case, the capacity of directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

2.2.4.2. Audit Committee

2.2.2.3.1. The Audit Committee shall consist of at least three (3) appropriately qualified non-executive directors, who shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The chair of the Audit Committee should be an independent director.

2.2.2.3.2. Duties and Responsibilities

The Audit Committee shall have the following functions, among others:

- i. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, internal and external audit processes, and monitoring of compliance with applicable laws, rules and regulations;
- ii. Recommend the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversee the implementation of the IA Charter;
- iii. Through the Internal Audit (IA) Department, 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-designated 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;

- iv. Oversee the Internal Audit Department, and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- v. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
- vi. 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;
- vii. 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;
- viii. 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;
- ix. 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;
- x. Review the disposition of the recommendations in the external auditor's management letter;
- xi. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- xii. Organize an internal audit department, and consider the appointment of an independent external auditor and the terms and conditions of its appointment, reappointment, removal and fees;

- xiii. Provide an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;
- xiv. Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- xv. Review the reports submitted by the internal and external auditors;
- xvi. Review the quarterly, half-year 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
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements.
- xvii. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- xviii. 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 annual corporate governance report;
- xix. 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.
- xx. In case the company does not have a Board Risk Oversight Committee and/or Related Party Transactions Committee, shall perform the functions of the said committees;

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

2.2.5. The Chairman of the Board

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

- 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;
- Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

2.2.6. Chief Executive Officer

The positions of Chairman of the Board and Chief Executive Officer should ideally be held by separate individuals and each should have clearly defined responsibilities. The roles and responsibilities of the Chief Executive Officer include, among others, the following:

- Determine the corporation's strategic direction and formulate and implement its strategic plan on the direction of the business;
- Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;

- Oversee the operations of the corporation and manages human and financial resources in accordance with the strategic plan;
- Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;
- Directs, evaluates and guides the work of the key officers of the corporation;
- Manages the corporation's resources prudently and ensures a proper balance of the same;
- Provides the Board with timely information and interfaces between the Board and the employees.

2.2.7. The Corporate Secretary

2.2.7.1. The Corporate Secretary is an officer of the corporation, who should ideally be a separate individual from the Compliance Officer. He must be loyal to the mission, vision and specific business objectives of the corporation.

2.2.7.2. The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines. He should not be a member of the Board of Directors and should annually attend a training on corporate governance.

2.2.7.3. Considering his varied functions and duties, he must possess appropriate administrative and interpersonal skills, and if he is not the corporation's legal counsel, then he must be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities. He must have a working knowledge of the operations of the corporation.

2.2.7.4. Duties and 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 agendas for those meetings;
- 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;

- Keep 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;
- Work fairly and objectively with the Board, Management, stockholders and other stakeholders and contribute to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- Have a working knowledge of the operations of the corporation;
- Advise the Board on the establishment of board committees and their terms of reference;
- Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings ideally at least five working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- Perform required administrative functions;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- Oversee the drafting of the by-laws and ensure that they conform with regulatory requirements; and
- Perform such other duties and responsibilities as may be provided by the Commission.

2.2.8. Chief Risk Officer

The CRO has the following functions, among others:

- Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- Communicates the top risks and the status of implementation of risk management strategies and action

plans to the Board Risk Oversight Committee (or in its absence, the Audit Committee);

- Suggest ERM policies and related guidance, as may be needed; and
- Provides insights on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with.

There should be clear communication between the BROOC/Audit Committee and the CRO.

2.2.9. Chief Audit Executive

The following are the responsibilities of the CAE, among others:

- Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;
- 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;
- 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;
- Spearheads the performance of the internal audit activity to ensure it adds value to the organization;
- Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

2.2.10. External Auditor

2.2.10.1. The Board, after consultation 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.

2.2.10.2. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.

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

2.2.10.4. The corporation's external auditor shall be rotated or the signing partner of the external auditing firm assigned to the corporation shall be changed every five (5) years or earlier.

2.3.10.5. If an external auditor believes that the statements made in the corporation's annual report, information statement or any report filed with the Commission or any regulatory body during his engagement is incorrect or incomplete, he shall present his views in said reports.

2.2.11. Internal Auditor

2.2.11.1. 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 operational controls are effective, appropriate, and complied with.

2.2.11.2. The Internal Auditor shall report to the Audit Committee. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

2.2.11.3. The scope and particulars of a system of effective organizational and operational 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.

3 COMMUNICATION PROCESS

3.1. This manual shall be available for inspection by any stockholder of the corporation at reasonable hours on business days.

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

3.3. An adequate number of printed copies of this Manual must be reproduced under the supervision of HRD, with a minimum of at least one (1) hard copy of the Manual per department.

4 ADEQUATE AND TIMELY INFORMATION

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

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

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

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

5 ACCOUNTABILITY AND AUDIT

5.1 The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the

corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

5.2 It is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply responsibilities to the stockholders.

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

- (i) The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders should be maintained;
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations; and
- (iv) The corporation shall consistently comply with the financial reporting requirements of the Commission.

6 TRAINING PROCESS

6.1. If necessary, funds shall be allocated by the corporation's Chief Finance Officer or equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

6.2. A director shall, before assuming as such, be required to attend an 8-hour orientation seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

6.3. All directors shall attend at least a 4-hour relevant continuing education training every year.

7 REPORTORIAL OR DISCLOSURE SYSTEM OF CORPORATION'S CORPORATE GOVERNANCE POLICIES

7.1. The reports or corporate governance policies, programs and procedures, and disclosures required under this Manual shall be prepared and submitted to the regulators and posted on the company's website.

7.2. All material information about the corporation which could adversely affect its viability or the interests of the stockholders and other stakeholders shall be publicly and timely disclosed. Such information shall include earnings results, acquisition or disposal of assets, off balance sheet transactions, related party transactions, termination and retirement provisions, and direct and indirect remuneration of members of the Board and Management.

7.3. All disclosed information shall be released via the approved stock exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

7.4. The Board shall commit at all times to fully disclose all relevant and material dealings, as well as information on individual board members and key executives. It shall cause the filing of all required information through the appropriate stock exchange mechanisms for listed companies and submissions to the Commission for the interest of the corporation's stockholders and other stakeholders.

8 SHAREHOLDERS' BENEFIT

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:

8.1. SHAREHOLDERS/INVESTORS' RIGHTS AND PROTECTION

8.1.1. Rights of Investors/Minority Interests

The Board shall be committed to respect the following rights of the stockholders as provided in the Corporation Code, namely:

- i. right to vote on all matters that require their consent or approval;
- ii. pre-emptive right to all stock issuances of the corporation (unless denied in the articles of incorporation);
- iii. right to inspect corporate books and records;
- iv. right to information;
- v. right to dividends;

- vi. right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting; and
- vi. appraisal right.

8.1.2. 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 by-laws, 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.

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

9 MONITORING AND ASSESSMENT

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

9.2. The Compliance Officer shall establish an internal self-rating system to determine and measure compliance with this Manual.

9.3. The establishment of such internal self-rating system, including the features thereof, shall be disclosed in the corporation's annual report (SEC Form 17-A) or in such form of report that is applicable to the corporation. The adoption of such performance internal self-rating system must be covered by a Board approval.

9.4. This Manual shall be subject to review periodically at such times as may be determined by the Board.

9.5. All business processes and practices being performed within any department or business unit of the corporation that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

10 COMMITMENT TO GOOD CORPORATE GOVERNANCE

The corporation shall establish and implement its corporate governance rules in accordance with the Code of Corporate Governance for Publicly-Listed Companies promulgated by the Commission. This manual is an embodiment of those corporate governance rules and can be used as a reference by the members of the Board and Management. The corporation shall submit this manual to the Commission for evaluation on or before 31 May 2017 to enable the Commission to determine its compliance with the Code of Corporate Governance for Publicly-Listed Companies taking into consideration the nature, size and scope of the business of the corporation.

11 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

11.1. 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 shall be imposed.

11.2. 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.

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

Signed:



JAIME E. YSMAEL
Chairman of the Board



JOSE ANTONIO V. EVANGELISTA III
Compliance Officer

Annex “A” - General Policy or Guideline for Alternative Dispute Resolution

The Board shall engage the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities, for so long as the dispute does not involve matters which are, as the law provides, not subject to compromise. The alternative dispute resolution system may include the commonly used Alternative Dispute Resolution (“ADR”) methods, such as arbitration, mediation, conciliation, as well as early neutral evaluation, mini-trial, or any combination thereof, as the company and the circumstances sees fit.