

BENGUET CORPORATION

MANUAL ON CORPORATE GOVERNANCE

ARTICLE I PREAMBLE

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

The Board, 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 as soon as possible.

Benguet Corporation adopts this Manual to institutionalize the principles of good corporate governance in the entire organization. The Board and management, officers and staff of the Company hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of the organization’s long-term success, in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders and society.

I. DEFINITION OF TERMS:

Corporate Governance – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders. Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society. Its purpose is to maximize the organization’s long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

Board of Directors – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.

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

Independent Director – a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could,

or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

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

Non-executive Director – a director who has no executive responsibility and does not perform any work related to the operations of the corporation.

Conglomerate – a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.

Internal Control – a process designed and effected by the board of directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.

Enterprise Risk Management – a process, effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.²

Related Party – shall cover the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company.

Related Party Transactions – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

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

II. RULES OF INTERPRETATION

a. All reference to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.

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

ARTICLE II CORPORATE CODE OF ETHICS, VISION AND MISSION

The Board of Directors, Management, Officers and employees of Benguet Corporation commit themselves to the principles and best practices of governance contained in this Manual as a guide in the attainment of its corporate goals. The Corporation shall make a continuing effort to create awareness of a good corporate governance within the organization. At the same time, the entire organization declares its continuing commitment to the Vision and Mission Statements and core values of Benguet Corporation and its Code of Ethics, which is made an integral part of this Manual as Annex "A".

ARTICLE III BOARD GOVERNANCE

3.0. THE BOARD OF DIRECTORS

Benguet Corporation shall be headed by a competent, working board to foster the long-term success of the company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders. The Board is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on management.

3.1. BOARD COMPOSITION

- a. The amended By-Laws of the Company provides that the Board shall consist of eleven (11) members who must be from among the stockholders and who shall be nominated and elected at the regular annual meeting of the stockholders. There shall be at least three (3) independent directors to be nominated and elected in the Board, or such number as to constitute at least one-third of the members of the Board.
- b. The Board should be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.
- c. Seven (7) directors shall represent the holders of Convertible Preferred Class A and Common Class A stocks and four (4) directors shall represent the holders of Common Class B stock. The President of the Company shall at all times be a member of the Board of Directors. The

Board of Directors shall have the right, from time to time, to elect from among its own members the person who is to be the Chairman of the Board.

3.2. BOARD DIVERSITY

The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. As a board diversity policy, no director or candidate for directorship shall be discriminated upon by reason of gender, age, disability, ethnicity, nationality, or political, religious or cultural backgrounds.

3.3. POLICY ON MULTIPLE BOARD SEATS

- a. The Board shall consider the following guidelines in the determination of the number of directorships of the members of the Board:
 - i. The nature of the business of the corporations which he is a director;
 - ii. Age of the director;
 - iii. Number of directorship/active memberships and officerships in other corporations or organizations; and
 - iv. Possible conflict of interest.
- b. 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 shall be related to the capacity of a director to perform his duties diligently in general.
- c. A director should notify the Board where he/she is an incumbent director before accepting a directorship in another company. The non-executive directors of the Board should concurrently serve as directors to a maximum of five (5) 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.

3.4. QUALIFICATIONS OF BOARD MEMBERS

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:

- a. Holder of at least one (1) share of stock of the Company;
- b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- c. He shall be at least twenty-one (21) years old;
- d. He shall have proven to possess integrity and probity;
- e. He shall have practical understanding of the business of the Company or have previous business experience;
- f. If he is a member of a professional organization, he shall maintain good membership standing; and
- g. He shall be assiduous.

3.5. DISQUALIFICATIONS OF BOARD MEMBERS

a. Permanent Disqualifications.

The following are the grounds for permanent disqualification of persons from becoming members of the board:

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

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

- 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 SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
- 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 previously;
- vii. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and
- viii. Other grounds as the SEC may provide.

b. Temporary Disqualifications

The following are grounds for temporary disqualifications of incumbent member of the Board:

- i. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The

disqualification should apply for purposes of the succeeding election;

- ii. Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- iii. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and
- iv. 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.

3.6. INDEPENDENT DIRECTOR

- a. An independent director is a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
- b. The Board should ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position. An Independent Director refers to a person who, ideally:
 - i. Is not, or has not been a senior officer or employee of the company unless there has been a change in the controlling ownership of the company;
 - ii. 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;
 - iii. Has not been appointed in the company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Director/Officer or Member of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the

- performance of its duties and responsibilities within three years immediately preceding his election;
- iv. Is not an owner of more than two percent (2%) of the outstanding shares of the company, its subsidiaries, associates, affiliates or related companies;
 - v. 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;
 - vi. Is not acting as a nominee or representative of any director of the company or any of its related companies;
 - vii. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
 - viii. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the 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;
 - ix. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the 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;
 - x. 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
 - xi. Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

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

- c. 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.

The functions of the lead director include, among others, the following:

- i. Serves as an intermediary between the Chairman and the other directors when necessary;
 - ii. Convenes and chairs meetings of the non-executive directors; and
 - iii. Contributes to the performance evaluation of the Chairman, as required.
- d. The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

3.7. BOARD MEETINGS AND QUORUM REQUIREMENTS

- a. The members of the Board shall attend and actively participate in all regular and special meetings of the Board and its Committees, 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, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so.
- b. Independent Directors should always attend Board meetings but their absence will not affect the quorum requirement.
- c. A director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same.
- d. The non-executive directors (NEDs) should have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director.
- e. The Company 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.

3.8. DUTIES AND RESPONSIBILITIES OF THE BOARD

It shall be the Board's responsibility to foster the long-term success of the Company and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

A. GENERAL RESPONSIBILITIES OF THE BOARD

To insure a high standard of best practice for the Company, its shareholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following responsibilities:

- a. Install a process of selection to ensure a mix of competent directors and officers. Appoint competent, professional, honest and highly-motivated management officers;
- b. Ensure and adopt an effective succession planning program for directors, key officers and management;
- c. Determine the Company's purpose, its vision and mission and strategies to carry out its objectives; 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;
- d. Ensure that the Company complies with all relevant laws, regulations and codes of best business practices;
- e. Identify the Company's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;
- f. Adopt a system of accurate, timely and effective communication towards the sectors in the community or areas affected in which the Company operates;
- g. Adopt a system of internal checks and balances;
- h. Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- i. Adopt a system that ensure the integrity and transparency of related party transactions between the Company 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;

- j. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- k. Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;
- l. Properly discharge Board functions by meeting regularly;
- m. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and
- n. Oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength.
- o. Primarily responsible for approving the selection and assessing the performance of the management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive);
- p. Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board should also approve the Internal Audit Charter.
- q. Oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks.
- r. Ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.
- s. 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.

B. SPECIFIC RESPONSIBILITIES OF EACH DIRECTOR

- a. A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. Compliance with the principles of good corporate governance shall start with the Board of Directors.
- b. A director shall observe the following norms of conduct:
 - i. To act in a fully-informed basis, in good faith, with due diligence and care, and in the best interest of the Company and its shareholders;
 - ii. To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions;
 - iii. To devote time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business;
 - iv. Should attend and actively participate in all meetings of the Board, Committees, and Shareholders;
 - v. To act judiciously;
 - vi. To exercise an objective and independent judgment on all corporate affairs;
 - vii. To have a working knowledge of the statutory and regulatory requirements affecting the Company, 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; and
 - viii. To observe confidentiality.
 - ix. To apply high ethical standards, taking into account the interests of all stakeholders.
- c. The non-executive directors of the Board should 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.

3.9. COMPENSATION

- a. The levels of remuneration of the Company shall be sufficient to be able to attract and retain the services of qualified and competent directors and officers, aligned with the long-term interest of the company;
- b. The Amended By-Laws of the Company provides the duties and responsibilities of the Board regarding compensation of officers and titled positions. That the Board of Directors shall, from time to time, fix the compensation of the persons who hold officerships and titled positions in the Company; and the Board of Directors shall have the right to delegate this duty of fixing the compensation to the President of

the Company, through the recommendation of the Salary Committee, excepting as to the President's compensation which must be fixed by the Board of Directors.

- d. The Company'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.

3.10. PERFORMANCE ASSESSMENT

- a. The Board should regularly carry out a periodic review and assessment of the Board's performance as a body, the board committees, the individual directors, and the Chairman, and assess whether it possesses the right mix of backgrounds and competencies.
- b. The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.
- c. The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.
- d. The Board should be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).
- e. The Board should 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.

3.11. ORIENTATION AND CONTINUING EDUCATION FOR DIRECTORS

- a. All new directors joining the Board are required to undergo an orientation program to familiarize themselves of the their statutory/fiduciary roles and responsibilities under the law, the Company's articles and by-laws and in the Board and Committees. The orientation is to ensure that they are properly apprised of the company's strategic plans, enterprise risks, group structure, business activities, Code of Business Conduct and this Corporate Governance Manual.

- b. All directors are also encouraged to participate in continuing education program or attend training, annually, to ensure that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company.

ARTICLE IV BOARD COMMITTEES

The Board shall constitute the proper committees as it may deem necessary and beneficial to the internal regulation of the Company in accordance with the Company's By-Laws as well as to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns. All these constituted committees shall have its respective Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information, which shall be disclosed in the Company's website. The Charters should provide the standards for evaluating the performance of the Committees.

4.1. NOMINATION COMMITTEE

- a. 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, who shall be the Chairman of the Committee.
- b. The duties and responsibilities of the Nomination Committee shall be set out in its charter, which includes assessing the effectiveness of the Board's processes and procedures in the nomination, election or replacement of directors.
- c. The Nomination Committee shall pre-screen and shortlist all candidates nominated (including nominees from minority shareholders) to become a member of the board of directors and other appointments that require Board approval in accordance with the qualifications and disqualifications set forth in this Manual and the Company's By-Laws. It shall ensure that the quality of directors is aligned with the strategic direction of the company;
- d. The Nomination Committee shall determine 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

4.2. SALARY COMMITTEE

- a. The Salary Committee shall be composed of at least three (3) members, one of whom shall be an independent director.

- b. The Salary Committee shall have the following duties and responsibilities:
 - i. Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and business environment in which it operates. It shall ensure that the remuneration shall be of a sufficient level to attract and retain directors and officers who are needed to run the Company successfully;
 - ii. 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;
 - iii. Disallow any director to decide his or her own remuneration.
 - iv. 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
 - v. Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

4.3. AUDIT COMMITTEE

- a. The Board shall establish an Audit Committee to enhance its oversight capability over the Company's accounting and financial reporting processes, system of internal control, risk management system, maintenance of an effective audit process, and procedure for monitoring compliance with applicable laws, rules and regulations.
- b. The Audit Committee shall consist of at least three (3) directors, who shall have adequate financial and accounting background, and/or audit experience, in addition to adequate understanding of the Company's financial management systems and environment. The Chairman of the Committee shall be an independent director who shall be responsible for ensuring the effective interaction among Committee members and with management and the internal and external auditors.
- c. To fulfill its responsibilities and duties, the Audit Committee shall:
 - i. Risk Management and Internal Control
 - a. Understand the scope of, and review the internal and external auditor's evaluation of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management responses.

- b. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including assessment of financial security control and information technology security.
 - c. Evaluate the sufficiency and effectiveness of the company's risk management processes and policies designed to identify, assess, monitor and manage material business risk throughout the Company, in relation to audit, accounting, tax and financial reporting risks and obligations.
 - d. Establish and oversee procedures for the receipt, retention and treatment of complaints (including "whistle blowing" complaints) received by the Company, including procedures relating to risk management, legal and regulatory compliance, accounting, internal control or auditing matters, including the process for confidential anonymous complaints by employees regarding questionable accounting or auditing matters.
 - e. Require Management to provide a report to discuss with the Committee, the Company's significant or major risk exposures, if any, and the steps taken by the management to monitor or manage such risks.
 - f. Conduct investigations of identified irregularities in the operations of the Company and anomalies on matters relating to finance and of funds disbursements which bear strategic significance to the Company and recommend to the Board the necessary actions to remedy, correct and prevent the repetition of such anomalies.
 - g. Coordinate, monitor and facilitate compliance with laws, rules and regulations. Prepare and implement a Business Continuity Plan.
- ii. Overseeing Financial Reporting and Disclosures
- a. Evaluate compliance with laws, financial reporting regulations and internal procedures through review of reports from management, external and internal auditors.
 - b. Review the adequacy and effectiveness of the systems of internal control, accounting practices and disclosure controls and procedures of the Company and its subsidiaries.
 - c. Review new accounting standards and developments and determine its impact or take action with respect thereto as may be deemed appropriate.
 - d. Monitor the integrity of the financial information by reviewing the relevance and consistency of the accounting standards used by the Company and its affiliates/subsidiaries.
 - e. Assess and challenge, where necessary, the correctness, completeness and consistency and accuracy of financial annual and interim reports before submitting to the Board for approval or made public.
 - f. Review of the quarterly, half-year and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions,

- compliance with accounting standards, tax, legal and regulatory requirements.
- g. Review and approve or ratify interested persons' transactions and potential conflict of interest situations that are required to be disclosed in the company's annual proxy statement pursuant to SEC regulation, or that are submitted to the Committee for review, approval or ratification.
 - h. Evaluate whether interested persons' transactions are on normal commercial terms and not prejudicial to the interests of the Company or its minority shareholders. Ensure that a transparent financial management system is established to ensure the integrity of internal control activities throughout the Company.
- iii. Overseeing Internal Audit
- a. Recommend and give direction to the Internal Audit Office on matters that will further upgrade its performance and recommend to the Board the terms for the appointment, removal and replacement of the Internal Audit Head, who shall have reporting responsibility to the Committee.
 - b. Evaluate the internal audit function including the extent and scope of its work, organizational structure and qualification.
 - c. Review the effectiveness of internal audit function, and ensure compliance with International Standards on the Professional Practice of Internal Auditing.
 - d. Ensure that the internal auditor have free and full access to all the Company's records, properties and personnel relevant to and required by his functions and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results.
 - e. Consider and discuss with Management whether to in-house or outsource internal audit function.
 - f. Review and approve the annual internal audit plan and ensure its conformity with the objectives of the corporation.
 - g. Ensure that the internal audit plan include the audit scope, resources and budget necessary to implement it, including the allocation of audit resources according to the key business and financial risks areas.
 - h. Review internal auditor's evaluation of the system of internal accounting controls.
 - i. Review reports submitted by the internal auditor before submission to the Board.
- iv. Overseeing External Audit
- a. Review and evaluate the independence, professional qualifications and competence of external auditor.
 - b. Recommend to the Board the appointment, replacement and/or retention of the External Auditor, who shall be accountable to the Committee.

- c. Evaluate the performance of external auditor periodically and determine and recommend its reappointment or replacement as the Committee may deem necessary or appropriate.
 - d. Assure the regular rotation of the lead audit partner primarily responsible for the audit review of the Company's financial accounts, as required by law, and shall consider and discuss with management whether there should be a regular rotation of the external auditor itself, at least once every five (5) years, or more frequently if the Committee deems appropriate.
 - e. Evaluate and determine the of non-audit services, if any, of the external auditor, and review periodically the non-audit fees paid by the Company to the external auditor and to the Corporations' overall consultancy expenses. The Committee shall disallow any 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.
 - f. Review with the external auditor the scope and results of the audit, problems or difficulties that the auditor encountered in the audit work and Management's response, and any questions, comments or suggestions the auditor may have relating to the internal controls and accounting practices and procedures, of the Company and its subsidiaries.
 - g. Review reports submitted by the external auditor as well as their quarterly, half-year and annual financial statements before submission to the Board and ensure compliance with auditing standards.
- v. Other duties and responsibility
 - a. The Committee shall perform any other functions specifically delegated to the committee by the Board.
- d. The Committee will meet at least twice a year, preferably prior to the meeting of the Board of Directors, and may convene additional meetings, as circumstances require.

4.4. BOARD RISK OVERSIGHT COMMITTEE (BROC)

- a. The Board shall establish a Board Risk Oversight Committee (BROC) responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC shall assist the Board in ensuring that there is an effective and integrated risk management process in place. The BROC shall be composed of at least three (3) members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

- b. The BROC has the following duties and responsibilities, among others:
 - i. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
 - ii. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
 - iii. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
 - iv. Advises the Board on its risk appetite levels and risk tolerance limits;
 - v. Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;
 - vi. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
 - vii. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
 - viii. Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

4.5. CORPORATE GOVERNANCE COMMITTEE

- a. The Board shall establish a Corporate Governance Committee (CG Committee) tasked in ensuring compliance with and proper observance of corporate governance principles and practices. It shall be composed of at least three members, all of whom should be independent directors, including the Chairman.
- b. The Corporate Governance Committee (CG Committee) has the following duties and functions, among others:

- i. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- ii. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- iii. 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;
- iv. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, and succession plan for the board members and senior officers;
- v. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance; and
- vi. Proposes and plans relevant trainings for the members of the Board.

4.6. RELATED PARTY TRANSACTION COMMITTEE

- a. The Board should establish a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company. The RPT Committee shall be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.
- b. The following are the functions of the RPT Committee, among others:
 - i. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
 - ii. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
 - The related party's relationship to the company and interest in the transaction;
 - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - The benefits to the corporation of the proposed RPT;

- The availability of other sources of comparable products or services; and
 - An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- iii. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
 - iv. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
 - v. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
 - vi. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

ARTICLE V MANAGEMENT

5.1. CHAIRMAN

The Board should be headed by a competent and qualified Chairperson. The positions of Chairman of the Board and Chief Executive Officer (CEO) should be held by separate individuals.

The roles and responsibilities of the Chairman include, among others, the following:

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;

- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

5.2. CHIEF EXECUTIVE OFFICER (CEO)

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

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

5.3. CORPORATE SECRETARY

- a. The Board should ensure that it is assisted in its duties by a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company. The

Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance.

- b. The Corporate Secretary shall have the following duties and responsibilities:
 - i. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
 - ii. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
 - iii. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
 - iv. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
 - v. Advises on the establishment of board committees and their terms of reference;
 - vi. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
 - vii. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
 - viii. Performs required administrative functions;
 - ix. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
 - x. Performs such other duties and responsibilities as may be provided by the SEC.

5.4. COMPLIANCE OFFICER

- a. The Board should ensure that it is assisted in its duties by a Compliance Officer, who should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.
- b. The Compliance Officer shall have the following duties and responsibilities:
 - i. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);

- ii. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- iii. Reports the matter to the Board if violations of this Code are found and recommends the imposition of appropriate disciplinary action;
- iv. Ensures the integrity and accuracy of all documentary submissions to regulators;
- v. Appears before the SEC when summoned in relation to compliance with this Code;
- vi. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- vii. Identifies possible areas of compliance issues and works towards the resolution of the same;
- viii. Ensures the attendance of board members and key officers to relevant trainings; and
- ix. Performs such other duties and responsibilities as may be provided by the SEC.

5.5. EXTERNAL AUDITOR

- a. The company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality. In this wise, the Board, after consultation with the Audit Committee, shall appoint an external auditor duly accredited by the Commission who shall undertake an independent audit of the Company, 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 Company.
- b. 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 this independence. The company should disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.
- c. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures. Said disclosure 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, if any.
- d. If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

- e. The handling partner of the Company's external auditor shall be changed every five (5) years or earlier, as determined by the Board.

**ARTICLE VI
INTERNAL CONTROL AND RISK MANAGEMENT**

6.1. INTERNAL AUDIT

- a. To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Company shall have in place a strong, adequate and effective internal control system and enterprise risk management framework.
- b. The Company shall have an independent internal audit function/office which shall provide independent and objective assurance and consulting services designed to add value and improve the Company's operations, as a service to the Management, Board of Directors and Stockholders. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the Company's control, risk and governance processes.
- c. The Internal Audit is accountable to the Board of Directors (BOD) through the Audit Committee, and the Senior Management in the discharge of their responsibilities. Its core services include:
 - i. Compliance, operations, financial, fraud, IT, and tax audits;
 - ii. Advisory or consultancy services; and
 - iii. Business process review or improvement.
- d. The following are the responsibilities of Internal Audit Office (IAO):
 - i. Provide annual assessment on the adequacy and effectiveness of the Company's management of its internal control and risk activities.
 - ii. Develop an annual audit plan using risk-based methodology that identifies risks assessed by the Management as critical for its operations. Submit the annual audit plan to the Audit Committee for approval.
 - iii. Implement the annual audit plan as approved, including special tasks or projects requested by the Management and Audit Committee.
 - iv. Coordinate with and provide oversight of other controls and monitoring functions related to risk management, compliance, security, ethics, and environmental issues.
 - v. Assist in the investigation of suspected fraudulent activities within the Company and its subsidiaries.

- vi. Assist process owners in the preparation and implementation of systems and processes.
- vii. Consider the scope of work of the external auditors and regulators to provide wider audit coverage.
- viii. Report to Senior Management, Audit Committee or BOD, as may be required, summarizing all audit findings, issues and concerns, and opportunities or recommendations for improvements, to those processes covered by audit or review.
- ix. Provide monthly updates to Senior Management on the status of the audit activities and issues/concerns raised in the conduct of its duties. Also submit or present quarterly updates/report to Audit Committee or BOD, as convened, including status and results of the annual plan, budget and sufficiency of IAO resources.

6.2. CHIEF AUDIT EXECUTIVE

- a. The Company shall have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.
- b. The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit Committee and administratively to the CEO.
- c. The following are the responsibilities of the CAE, among others:
 - i. Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;
 - ii. 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;
 - iii. 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;
 - iv. Spearheads the performance of the internal audit activity to ensure it adds value to the organization;

- v. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- vi. Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

6.3. RISK MANAGEMENT

- a. The company should have a separate risk management function to identify, assess and monitor key risk exposures.
- b. The risk management function involves the following activities, among others:
 - i. Defining a risk management strategy;
 - ii. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
 - iii. Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
 - iv. Establishing a risk register with clearly defined, prioritized and residual risks;
 - v. Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;
 - vi. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
 - vii. Monitoring and evaluating the effectiveness of the organization's risk management processes.

6.4. CHIEF RISK OFFICER (CRO)

- a. In managing the company's Risk Management System, the company shall have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities.
- b. The CRO has the following functions, among others:
 - i. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;

- ii. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
- iii. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- iv. Suggests ERM policies and related guidance, as may be needed; and
- v. 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.
- c. There should be clear communication between the Board Risk Oversight Committee and the CRO.

ARTICLE VII SHAREHOLDER'S RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST

The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. The company treats all shareholders fairly and equitably, and recognizes, protects and facilitates the exercise of their rights. The following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the company and all its investors:

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

- i. Right to nominate candidates to the Board of Directors

All shareholders must be given the opportunity to nominate candidates to the Board of Directors in accordance with the existing laws. The procedures of the nomination process are expected to be discussed clearly by the Board. The company is encouraged to fully and promptly disclose all information regarding the experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates' qualification and credibility.

- ii. Voting Right

- a. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts pursuant to the Corporation Code, the Articles of Incorporation and the By-Laws.

- b. Shareholders are entitled to vote for each share held as of the established record date. A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy. Cumulative voting shall be used in the election of directors.
 - c. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.
 - d. Shareholders are also encouraged to participate when given sufficient information prior to voting on fundamental corporate changes such as: (1) amendments to the Articles of Incorporation and By-Laws of the company; (2) the authorization on the increase in authorized capital stock; and (3) extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the company. In addition, the disclosure and clear explanation of the voting procedures, as well as removal of excessive or unnecessary costs and other administrative impediments, allow for the effective exercise of the shareholders' voting rights.
- iii. Right to propose the holding of meetings and to include in agenda items ahead of the scheduled Annual and Special Shareholders' Meeting

All shareholders, including minority and foreign shareholders, shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes. However, to prevent the abuse of this right, companies may require that the proposal be made by shareholders holding a specified percentage of shares or voting rights. On the other hand, to ensure that minority shareholders are not effectively prevented from exercising this right, the degree of ownership concentration is considered in determining the threshold.

iv. Pre-emptive Right

The Company's Amended Articles of Incorporation do not provide for pre-emptive rights to shareholders.

v. Power of Inspection

Shareholders are allowed to inspect corporate books and records including minutes of Board meetings at reasonable hours during business days in accordance with Section 74 of the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

vi. Right to Information

- a. The Shareholders shall be provided, upon request with periodic reports which disclose personal and professional information about the directors

and officers and certain other matters such as their holding of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

- b. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

vii. Right to Dividends

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

viii. Appraisal Right

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

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- c. In case of merger or consolidation.

- 7.2. 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 of 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 stockholders' favor.
- 7.3. It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. It shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms.
- 7.4. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings whether in person or by proxy. Accurate and timely information shall 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.
- 7.5. The Board should 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.
- 7.6. 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 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.
- 7.7. The Board should make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.
- 7.8. The Board should establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO should be present at every shareholders' meeting.
- 7.9. The Company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

ARTICLE VIII DISCLOSURE POLICIES

- 8.1. The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations 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.

- 8.2.** The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days.
- 8.3.** The Board should fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.
- 8.4.** The Company should make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.
- 8.5.** The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Company's Compliance Officer.
- 8.6.** The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanism for listed companies and submission to the Commission for the interest of its shareholders and other stakeholders.
- 8.7.** The Company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

ARTICLE IX CONFIDENTIALITY AND USE OF MATERIAL INSIDE INFORMATION

The directors, officers and consultants of the Company 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. The Policy (Ref. BPGR-013-04 dated 03-01-04) on the prohibitions on disclosure of material information form part of this Manual as Annex "B".

ARTICLE X MONITORING AND ASSESSMENT

- 10.1.** Each Committee shall report regularly to the Board of directors.
- 10.2.** The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Article XI of this Manual.

- 10.3. The establishment of such evaluation system, including 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.
- 10.4. This Manual shall be subject to annual review or at such frequency as may be determined by the Board.

**ARTICLE XI
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 Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:
- a. In case of first violation, the subject person shall be reprimanded;
 - b. Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation; and
 - c. For third violation, the maximum penalty of removal from office may be imposed depending on the gravity of the violation.
- 11.2. The commission of a third violation of the provisions of this Manual by any member of the Board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.
- 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.

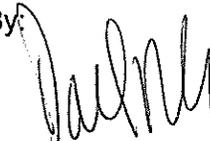
**ARTICLE XII
EFFECTIVITY**

This Revised Manual of Corporate Governance was reviewed on May 16th, 2017 and became effective on January 1, 2017. This Manual supersedes the Company's Manual of Corporate Governance dated on January 15, 2009 and its revisions dated April 12, 2010, January 27, 2011, and July 16, 2014, respectively.

Signed this 22nd day of May 2017.

BENGUET CORPORATION

By:



DANIEL G. ROMUALDEZ
Chairman, Board of Directors



LINA G. FERNANDEZ
SVP -Finance, Nickel Marketing and
Compliance Officer for Corporate Governance

ANNEX “A”
(Manual on Corporate Governance)

BENGUET CORPORATION

CODE OF ETHICS

Purpose

This Code of Ethics has been adopted as an addendum to the Company’s Manual of Corporate Governance and is intended to set the principles to guide the Company in the proper conduct of business towards the company’s various stakeholders – employees, customers, suppliers, owners and providers of capital, local and national government, and the community where it operates.

BASIC PRINCIPLES FOR THE CONDUCT OF BUSINESS

A. Towards the employees -

The Company shall recognize the unique position of employees as individuals with a vital stake in their work and at the same time with inherent obligations to themselves and their own families. The company shall endeavor to provide:

- wages and salaries, and fringe benefits based on the right of the employees to a fair and improving standards of living, irrespective of sex, age and creed;
- for a fair recruitment practice that affords equal opportunity to all qualified job-seekers;
- for job security, adequate compensation for employees in cases of separation and retirement, for a safe and healthy atmosphere in the work environment conducive to the physical and moral well-being and growth of the employees;
- for conditions in which human potentials and relationships can be developed at all levels of the work force, with a view to providing therein a sense of purpose and achievement; and
- for participative element so that the knowledge, experience and creativity of all who work in the company may contribute to the decision-making process.

B. Towards the customers

The Company shall, in the production of mineral products, and delivery of services:

- avoid anything that would be detrimental to the health, or safety of the beneficiary of such goods and services; and

- deliver the product or service in the quality, quantity, time and price agreed upon.

C. Towards the suppliers

The Company shall ensure:

- that the terms of all contracts be clearly stated and unambiguous, and honored in full unless terminated or modified by mutual consent;
- that in general, payment should always be made promptly at the agreed time or, if no specific time is agreed upon, as quickly as may be reasonable, given the circumstances; and
- that no supplier be encouraged to commit his resources for apparently long-term purposes unless there are reasonable guarantees that the orders he receives from the company will not be terminated arbitrarily.

D. Towards the owners and other providers of capital

In the interest of the Owners and other Providers of Capital, the Company shall:

- provide an adequate rate of return to those contributing capital to the enterprise, and ensure the security of their investment;
- use their financial resources to provide goods and services responsibly and efficiently;
- furnish the Owners and other Providers of Capital with such information as they may reasonably require, provided that it does not adversely affect the security or efficiency of the business; and
- pursue the specific objectives of the Owners and other Providers of Capital provided these do not run contrary to any of the principles stated herein.

E. Towards The Local and National Government

Although it is the responsibility of government to enact legislation and formulate implementing policies and programs, it shall be the duty of the company;

- to participate in the discussion of proposed legislation and/ or its implementation and to propose sound policies in the use of human and material resources affecting the industry or industries where its business operates.

F. Towards the community where it operates

Realizing that the Company is using to important degree the nation's resources, the company shall:

- do its best to ensure that the way resources are deployed also benefits society in general and does not conflict with the needs and reasonable aspirations of the communities in the areas where it operates;
- as a corporate citizen, make such contributions as resources will allow
- consider the human and social costs of mechanization and technology;

G. Towards the environment and sustainable development

- pay proper regard to the environmental and social consequences of business activity, with special attention to sustainable development- that is, renewing resources where possible and minimizing waste and pollution, and not sacrifice safety or efficiency in the interest of short-term profitability;

SOME ETHICAL PRINCIPLES FOR THE PROFESSIONAL MANAGER

The concepts and principles for the conduct of business outlined in this document are commended to the managers (includes officers) of the company. A manager holds a position of trust and confidence, thus, must act with utmost fairness and according to the highest moral principles, consciously and consistently.

In particular, a manager should:

- acknowledge that his role is to serve the Company's business organization and work towards the attainment of its legitimate goals and objectives;
- avoid all abuse of executive power for personal gain, advantage or prestige;
- reveal the facts to his superiors whenever his personal business or financial interest become involved with those of the company;
- avoid conflicts of interest based on the principle that decisions should be made in the interest of the business organization at all times, and should be on his guard against allowing personal consideration to distort his judgment;
- not tolerate any form of illegal data-gathering or any form of inducement that tends to distort normal commercial judgment;
- be actively concerned with the difficulties and problems of subordinates, treat them fairly and by example, lead them effectively, assuring to all the right of reasonable access and appeal to superiors;
- recognize that his subordinates have a right to information on matters affecting them, and make provision for its prompt communication unless such communication is likely to undermine the security and efficiency of the business;
- fully evaluate the likely effects on employees and the community of the business plans for the future before taking a final decision; and
- cooperate with his colleagues and not attempt to secure personal advantages at their expense.

VISION

Benguet Corporation shall be the leading Philippine conglomerate engaged in sustainable natural resource development and nurturing mutually beneficial relationships with its shareholders, employees, communities, and environment and the nation.

MISSION

Benguet Corporation aims to be a responsible, profitable and growth oriented conglomerate engaged in natural resource development.

In furtherance of this mission, Management is committed to:

- Maximize share prices and profitability through growth in earnings and in tangible asset value;
- Be a socially responsible and environment-conscious corporate citizen adhering to the highest ethical business standards;
- Create high value-added and portfolio-stabilizing business opportunities preferably in natural resource-based endeavors through strong exploration, research and development programs; and
- Achieve competitiveness and excellence as a natural resource company through the enhanced productivity of its people the improvement in the quality of life of its employees and their families, and its host communities.

BENGUET CORPORATION

INTERNAL MEMORANDUM

ANNEX 'B'

March 01, 2004

BPGR-013-04

TO : ALL OFFICERS, MANAGERS AND CONSULTANTS

RE : POLICY ON DISCLOSURE RULES

In compliance with the disclosure rules of the Philippine Stock Exchange (PSE), please note the prohibitions on disclosure under Section 4.2 of the Revised Disclosure Rules entitled "Selective Disclosure of Material Information", to wit:

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

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

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

In this connection, please note further that listed companies selectively disclosing material non-public information to securities analysts, institutional investors or other third parties who do not fall under letters (a) and (b) above, ahead of the general public, shall be considered as violating the aforementioned Exchange rule.

The release of material company information to persons and entities outside the Company must be avoided at all times and must be done only with prior authorization of the Company's Corporate Secretary/Assistant Corporate Secretary or the President/Chief Executive Officer.

This policy shall form part of the Company's Code of Corporate Governance and is for strict observance of all officers, managers and consultants of the Company.


BPG ROMUALDEZ