



Corporate Governance Manual

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Part I

Background

Optimum Medical and Healthcare Services Inc. (OMHSI) was conceptualized in November 2012 by a group of doctors and businessmen with the mission to provide medical care for home-based patients. It was incorporated and registered with the Securities and Exchange Commission on February 24, 2013 as a Health Maintenance Organization (HMO). The company is currently continuing and improving its mission to provide medical care for our clients and addressing their new role in this highly challenging industry as a healthcare provider.

Vision Statement

Optimum Medical and Healthcare Services Inc. (OMHSI), with the support of its devoted staff and Board members, will be one of the best medical healthcare provider in the year 2025.

Mission Statement

Optimum Medical and Healthcare Services Inc. (OMHSI) commits to :

- Provide the best medical healthcare services for our clientele while maintaining financial viability
- Implement a cost efficient operation without sacrificing quality of services
- Continued learnings for our medical and nursing staff
- Institute wellness program for our corporate clients
- Discuss and implement changes with our clientele to improve healthcare services
- Sustain partnership with other clientele in the healthcare industry.

Current Members of the Board of Directors and Officers

Dr. Gerald Sy, MD, FPCS, FPAPRAS, MBA
President, CEO and Chairman of the Board

Masters in Business Administration
(Health)- Ateneo Graduate School of
Business (2005-2008)

Plastic and Reconstructive Surgery
Training (3 years) – Philippine General
Hospital

General and Cancer Surgery (5
years)– Cardinal Santos Medical Center

Hepatobiliary Surgery – Kaohsiung
Medical Center

Yuan’s General Hospital, Taiwan, 1998

Doctor Of Medicine – Far Eastern
University-NRRMF (1988)

Medical Internship (1988) – Chinese
General Hospital and Medical Center

Dr. Larissa Isabel P. Blas, MD
Corporate Secretary and Director

Basic Ultrasound for Surgery
Philippine Society of Ultrasound for
Surgery

Residency Training in General Surgery,
Cardinal Santos Medical Center,
January 1, 1997 – December 31, 2001,
*Chief resident: January 1-December 31,
2001*

Post-Graduate Internship, Philippine
General Hospital, May 1, 1995 – April
30, 1996

Medicine, University of the East Ramon
Magsaysay Memorial Medical Center,
Year Graduated: 1995

Dr. Sherry Lim Lee, MD
Chief Compliance Officer and Director

Resident Physician, Department of
Surgery, January 2000 – December
2004 Cardinal Santos Medical Center,
San Juan

Post Graduate Internship
University of the East Ramon
Magsaysay Memorial Medical Center

Doctor of Medicine, 1996

Ms. Belen Chiu
Treasurer and Director

Masters in Business Administration,
Ateneo Graduate School of Business

Bachelor of Science in Math Major in
Actuarial Science, University of Sto.
Tomas,

Mr. Mario Chan
Director

Bachelor of Science in Architecture
University of Sto. Tomas Manila
1978-1985

Dr. Rene Chan
Independent Director

Civil Aviation Medicine, Monash
University in Melbourne, Australia

Masters in Business Administration –
Health, Ateneo Graduate School of
Business

General Surgery, Cardinal Santos
Medical Center

Internship, Cardinal Santos Medical
Center

Doctor of Medicine, University of Sto.
Tomas, Manila

Dra. Connie Bernardo
Independent Director

Masters in Business Administration –
Health Ateneo Graduate School of
Business Rockwell Center, Makati City

Doctor of Medicine
University of the Visayas- Gullas
College of Medicine Banilad, Mandaue
City, Cebu

Bachelor of Science in Medical
Technology South Western University
Urgello St. Cebu City

Part II
Governance

The Board of Directors

The Board of Directors is a group of people acting together and is considered the authority in terms of governance and managing the regular and ordinary business of the company. The Directors, acting as a body, have the powers to regulate the concerns of the company according to their best judgment. It shall be the Board's responsibility to promote and adhere to the principles and best practices of corporate governance, to foster the long-term success of the company and to secure its sustained competitiveness in its environment in a manner consistent with its fiduciary responsibility. The Board shall exercise powers in the best interest of the company, its shareholders and other stakeholders.

Composition

The Board of Directors shall have five (5) members who shall be elected by a majority of the Corporation's outstanding capital stock at the annual meeting, and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation.

The Board shall be composed in such a way that it collectively possesses the necessary knowledge, skills and experience required to properly perform its duties. The Board shall encourage the selection of a mix of competent Directors, each of whom can add value and contribute in the formulation of corporate strategies, policies and decisions. In the selection of candidates for the Board, the objectives set by the Board for its composition shall be considered, as well as the required knowledge, abilities and experience needed to successfully manage the company. The Board shall regularly review its composition, taking into account the evolving requirements of the company, and adopt best practices in corporate governance.

Diversity

Careful attention must be given to ensure that there is independence and diversity, and appropriate representation of women in the Board, subject to the possession of the knowledge, abilities and experience determined by the Board as necessary for the Board to properly perform its functions. It is important to have Board diversity to avoid groupthink and ensure that optimal decision-making is achieved. Diversity is not limited to gender and includes age, ethnicity, culture, skills, competence and knowledge.

Qualifications

A Director shall have the following qualifications:

- a. Ownership of at least one (1) share of the capital stock of the Corporation;
- d. Possesses none of the disqualifications.

Retirement

As a general rule, the retirement age for Directors is 65 years old, subject to such exceptions as may be approved by the Board of Directors, taking into account the relevant qualifications and invaluable contribution of the Director and the special circumstances affecting the company.

Disqualifications

The following persons are disqualified from being a Director of the Corporation:

- a. Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years;
- b. Any person found to have committed a violation of the Corporation Code of the Philippines, committed within five (5) years prior to the date of election;
- c. Otherwise disqualified under any provision of other laws of the Republic of the Philippines or from other grounds that the Commission may provide.

Independent Directors

Independent Directors are members of the Board who shall hold no interests or relationships with the company that may hinder their independence from the company or management or interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. Independent Directors may serve for a period of not more than nine (9) years. In cases where an independent director shall serve for more than the limit, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting

Policy on Multiple Board Seats

The Board shall ensure that enough time and attention is given to the Directors' duties. Independent Directors shall hold no more than five (5) board seats in any group of publicly-listed companies and executive Directors shall hold no more than two (2) board seats in listed companies outside the company's group.

Board Meetings and Quorum

Members of the Board should attend regular and special meetings of the Board in person or via teleconference or videoconference or by any other technological means allowed by the SEC. A majority of the number of Directors as fixed in the Articles of incorporation shall constitute a quorum for the transaction of corporate business.

The Board may, to promote transparency, require the presence of at least one (1) independent Director in all of its meetings. However, the absence of an independent Director shall not affect the quorum requirement if he is duly notified of the meeting but notwithstanding such notice fails to attend. The Board shall designate the days when it shall meet, but it shall meet at least six (6) times each calendar year.

Board Responsibility for Good Governance

1. It shall be the Board's responsibility to foster the long-term success of the company and secure its sustained competitiveness in the global environment in a manner consistent with its responsibility, which it shall exercise in the best interest of the company, its stockholders and other shareholders.
2. To ensure good governance of the company, the Board should clearly define the vision and mission, strategic objectives and key policies and various procedures for the management of the Corporation, as well as the proper mechanisms for monitoring and evaluating and assessing Management's performance.
3. The Board of Directors shall orient all its activities towards three (3) general guidelines: (a) legality; (b) economic usefulness and (c) awareness.
4. The Board shall put an adequate internal control mechanisms for good governance. The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:
 - a. Ensure the existence of organizational and procedural controls, taking into account an effective management information system and risk management reporting system;
 - b. Review of conflict-of-interest scenarios and provide remedial measures;
 - c. Appoint a CEO with the ability, integrity, and experience to fill the role and to define the duties and responsibilities of the CEO;
 - d. Review proposed senior management appointments;
 - e. Ensure the selection, appointment and retention of qualified and competent management; reviewing the Corporation's personnel and human resources policies, compensation plan and the management succession plan;

- f. Institutionalize the internal audit function;
- g. Ensure the presence of, and to regularly review, the performance and quality of external audit.

Self-Assessment

The Board shall perform an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. The Board may engage an external facilitator to conduct the process every three (3) years.

Duties of a Director

The Board shall maintain a high standard of best practice for the Corporation, its stockholders and other stakeholders and shall:

- a. Meet regularly and minutes should be taken of such meetings;
- b. Constitute the committees as are required in the By-Laws of the Corporation and existing laws for compliance and good governance;
- c. Select and appoint a President/ CEO and other senior officers with the appropriate level of integrity, competence and experience;
- d. Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation;
- e. Provide written policies and strategic guidelines on key capital expenditures, and periodically evaluate and monitor implementation of such strategies;
- f. Ensure that the Corporation complies with all relevant laws, regulations;
- g. Formulate a clear communication and disclosure strategy to accurately, timely and effectively communicate with the government agencies and the company's stockholders and other stakeholders on important matters;
- h. Adopt a system of internal checks and balances, which may be applied in the first instance to the Board. Such systems shall be regularly reviewed for effectiveness;
- i. Identify, monitor, and endeavor to provide systems for the identification and monitoring of key risks and key performance areas;
- j. The Board is primarily responsible to the stockholders for financial reporting and control, and should:

- i. Provide to all stockholders relevant and timely information about the Corporation, including but not limited to a periodic report and an annual report of the Corporation's performance, position and prospects through publicly available reports submitted to the Securities and Exchange Commission;
 - ii. Present a balanced and understandable assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
 - iii. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
 - iv. Appoint a Chief Audit Executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management;
- k. Recommend to the stockholders the appointment of external auditors, with the recommendation of the Audit Committee;
 - l. Create an internal self-rating system and conduct an annual performance assessment of the Board, its individual members, its committees, the President and CEO, and Management;
 - m. Ensure that all Directors, executives and employees adhere to the Corporation's Code of Ethics.
 - n. Others that may be necessarily implied in the performance of the duty as a Director or that may be necessary pursuant to law, rules and regulations.

Responsibilities of a Director

A Director's position is one of trust and confidence and he/she should act in the best interest of the company exhibiting transparency, accountability and fairness. In addition

to the duties and responsibilities of a Director set forth in the company's By-Laws and existing relevant statutes, a Director shall:

- a. Conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions. A Director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests.
- b. A director shall devote time and attention necessary to properly discharge his duties and responsibilities and should attend and actively participate in Board meetings.
- c. A director must act judiciously. Before deciding on any matter brought before the Board of Directors, every Director should evaluate the issues, ask questions and seek clarifications as appropriate.
- d. A director should exercise independent judgment and view each problem/ situation objectively and support plans and ideas which he believes are beneficial to the company.
- e. A director must have a working knowledge of the statutory and regulatory requirements affecting the company. This would include a firm knowledge of the contents of the Articles of incorporation and by-laws of the company and the amendments thereof, the requirements of various government agencies for the conduct of the company's business.
- f. A director shall observe confidentiality of non-public information acquired by reason of his position as a Director. He should not disclose any information to any other person without the authority of the Board.
- g. A director shall ensure the continuing soundness, effectiveness and adequacy of the company's control environment.
- h. A director shall exercise such degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances and shall, at all times take into consideration the best interest of the company.
- i. A director, prior to assuming office, shall attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution. The re-elected Directors shall likewise attend at least once a year, a seminar on corporate governance which shall be conducted by training providers that are duly accredited.

- j. The concerned director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company.
- k. A director, by necessary implication, shall perform other duties as he/she may be required under existing laws, rules and regulations in consonance with the principle that he shall keep in mind at all times, the best interest of the company.

Board Committees

The Board of Directors may create such committees as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws of the Corporation and to aid in good governance. As a minimum, however, the Board shall be supported by the following committees:

- a. Executive Committee
- b. Corporate Governance Committee
- c. Personnel and Compensation Committee
- d. Audit Committee
- e. Board Risk Oversight Committee
- f. Related Party Transactions Review Committee
- g. Proxies and Ballots Committee
- h. Sustainability Committee

In creating these committees, the Board shall enact each committee's charters taking into consideration the minimum standards that the company needs in order to effectively conduct business and in accordance with the best practices that may be adopted, whenever practicable and relevant.

Part III
Management

General Responsibilities of Management

Management stands as the epicenter of decision-making for the day-to-day affairs of the company. It determines the company's activities by setting targets in absolute terms and formulating the basic strategies for achieving these goals and puts in place the guide for the company's success by establishing the following:

- a. Legal and organizational structures that work effectively and efficiently;
- b. Systems for planning, control, and risk management that assess risks on an integrated and effective approach;
- c. Sufficient information systems that are defined and aligned with IT strategy and the business goals of the company;
- d. Plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation.

Management is accountable to the Board for the operations of the company. Although the key officers are also members of the Board and in order to effectively delineate the functions and obligations of management, the identification of function and roles are critical. As part of its accountability, the management it is also obligated to provide the Board with complete, adequate information on the operations and affairs of the company in a timely manner.

Executive Officers

The Executive Officers of the Corporation are the Chairman, Vice-Chairman, the President and Chief Executive Officer, the Chief Finance Officer and/or Treasurer, and the Corporate Secretary. The Executive Officers shall be appointed by the Board of Directors. In addition, the Board of Directors shall appoint (from time to time) one or more Senior Vice Presidents and Vice Presidents, a Comptroller and such other officers, agents and employees as provided for in the Corporation's By-Laws. The Board of Directors may, in its discretion and in accordance with the By-Laws, elect a Vice-Chairman of the Board from among its members.

- A. The Chairman of the Board.** The Chairman, shall, as far as practicable, preside at all meetings of the Board. He shall schedule meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the company's operations; prepare the meeting agenda; exercise control over quality, quantity and timeliness of the flow of information between Management and the Board; and ensure compliance with the company's guidelines on corporate governance. The Chairman shall have such other responsibilities as the Board of Directors may impose upon him and shall be selected based on competence and other important qualifications.
- B. President and Chief Executive Officer.** Minimum control mechanisms for responsibility shall center on the President/CEO, being ultimately accountable for the company's organizational and procedural controls. The President shall have general

supervision of the business, affairs, and property of the company, and over its employees and officers; see that all orders of the Board of Directors are carried into effect; submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the company for the preceding year, and the state of its affairs; report to the Board from time to time all matters within its knowledge which the interest of the company may require. The President/ CEO shall have such other responsibilities as the Board of Directors may impose upon him.

C. The Chief Finance Officer

The Chief Finance Officer (CFO) shall be appointed by the Board of Directors. The CFO may also be the Treasurer of the Corporation. The CFO shall be responsible for the following: 1. provide management with accurate, relevant, and timely operating and financial reports and analysis; 2. monitor the implementation of budget plans and programs; 3. maintain the integrity of accounting records provided to the management and to the government; 4. promote investor confidence by ensuring that all legal reportorial obligations are complied with; 5. monitor compliance with policies to strengthen internal controls; and 6. recommend appropriate actions and changes in the Corporation if necessary. The Chief Finance Officer shall also have other responsibilities imposed by the Board of Directors.

D. The Treasurer

The Treasurer of the Corporation shall be in charge of funds, securities, receipts, and disbursements of the Corporation. He shall also have the following functions: 1. deposit or cause to be deposited, in banks or trust companies as designated by the Board, all money and valuable effects in the Corporation's name or to its credit; 2. regularly render to the President or the the Board an account of the fund condition of the Corporation, including all transactions; 3. ensure the availability of funds; 4. optimize yields in temporary excess funds; 5. provide relevant and timely capital market information; 6. Ensure coverage and management of risk to resources. The Treasurer shall also have other responsibilities imposed by the Board of Directors.

E. The Corporate Secretary

The Corporate Secretary shall be a resident and citizen of the Philippines. As an officer of the Corporation, the Corporate Secretary shall be loyal to the mission, vision and specific business objectives of the Corporation. He must possess organizational and interpersonal skills, and the legal skills of a Chief Legal Officer. Furthermore, he shall have some financial and accounting knowledge. The Corporate Secretary shall also have the following functions: 1. serve as an adviser to the Directors; 2. keep the minutes of meetings in the books and furnish copies thereof to the Chairman, the

President, and members of the Board; 3. work fairly and objectively with the Board, the Management, and other stakeholders; 4. keep in custody the Corporation seal and affix such to any instrument requiring the same; 5. have charge over the stock certificate book and other books and papers as directed by the Board; 6. attend to the giving and serving of notices on meetings; 7. Prepare the annual and regular schedule and agendas of meetings; 8. oversee the adequate flow of information; and, 9. ensure fulfillment of disclosure requirements to respective government agencies. The Corporate Secretary shall also have other responsibilities imposed by the Board of Directors.

Part IV
Policy on Conflict of Interest

Policy on Conflict of Interest

Personal interest of any Director or officer should never prevail over the interest of the Corporation. Directors and officers are required to be loyal to the organization and they may not directly or indirectly derive any personal profit or advantage by reason of their position. The common interest of all shareholders and that of the Corporation shall be promoted.

Conflict of interest is present when a Director or an officer of the Corporation—

- a. Supplies or attempts to supply goods or services to the Corporation;
- b. Supplies or is attempts to supply goods, services or information to a competitor of the Corporation;
- c. Acquires or attempts to acquire for himself, by virtue of his office, a business opportunity which should belong to the Corporation;
- d. Receives or is offered consideration for delivering the Corporation's business to a third party;
- e. Is engaged or attempts to engage in a business or activity which competes with or works contrary to the best interests of the Corporation.

In case any actual or potential conflict of interests should arise, it should be fully disclosed to the Corporation. The concerned Director should not participate in the decision making on such issue. In case of continuing conflict of interest, the Director involved should resign or should be removed by the Board if it deems appropriate.

A contract between or among the Corporation and with one or more of its Directors of officers shall be voidable, at the option of the corporation, unless all of the following conditions are present:

- a. the presence of such Director in the board meeting in which the contract was approved was not necessary for a quorum;
- b. the vote of such Director was not necessary for the contract's approval;
- c. under the circumstances, the contract is fair and reasonable;
- d. the contract has been previously approved by the Board in case the involved person is an officer.

In the absence of the first 2 conditions, in case of a contract with a Director, such contract may be ratified by the vote of stockholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; provided, full disclosure of the adverse interest of the Director involved is made; and provided that the contract is fair and reasonable under the circumstances.

- a. Where a Director, by virtue of his office, acquires for himself a business opportunity thereby obtaining profits to the prejudice of the Corporation, the Director must account to the Corporation such profits by refunding the same unless his act has been ratified by a vote of the stockholders owning or

- representing two-thirds (2/3) of the outstanding capital stock. This shall be applicable regardless if the Director risked his own funds in the venture.
- b. The foregoing is without prejudice to the Corporation's existing Code of Conduct and Ethics for its officers, and employees.

Part V
Audit and Compliance

Internal Audit

An independent and objective assurance and advisory services to the Corporation shall be provided by an Internal Audit Group to add value and improve the Corporation's operations. An effective system of internal control to ensure the integrity of financial reports and protection of Corporate assets shall also be provided by the Internal Audit Group. Furthermore, they shall also provide reasonable assurance that the Corporation's organizational and procedural controls are effective, appropriate, and complied with. It shall review, audit, and report on the effectiveness of the system of organizational controls taking account of the following:

- a. Nature and complexity of the business and business culture;
- b. Volume, size, and complexity of transactions;
- c. Degree of risk;
- d. Degree of centralization and delegation of authority;
- e. Extent and effectiveness of information technology; and
- f. Extent of regulatory compliance.

The Internal Audit Group shall maintain independence from the Management.

The Internal Audit Group shall be headed by a Chief Audit Executive who shall preferably be a Certified Public Accountant and/or a Certified Internal Auditor. The Chief Audit Executive shall report to the Audit Committee of the Board of Directors.

The activities of the Internal Auditors shall be conducted in accordance with the Standards for the Professional Practice of Internal Auditing. In case of non-compliance, the Chief Audit Executive shall disclose to the Board and Management that it has not yet achieved full compliance with the standards for the professional practice of internal auditing.

External Audit

The Board, through the Audit Committee, shall recommend to the a duly accredited external auditor. The External Auditor shall undertake an independent audit and shall provide an objective assurance on the way in which the financial statements shall have been prepared and presented.

The External Auditor shall –

- a. Perform fair audits independent from that of the Corporation's, its management;
- b. Check whether conflict with the audit results and the reported audited financial statement exists, and demand correction, if necessary;
- c. Attend meetings and address any questions on audit reports, their work, and remuneration;

- d. Perform other responsibilities imposed by the Board of Directors, provided, however, that non-audit work shall not be in conflict with the functions as external auditor.

The External Auditor shall be required to stipulate its duties and responsibilities to the Corporation.

The External Auditor or the handling partner shall be rotated every five (5) years.

The resignation, dismissal or cessation from service of the External Auditor, and the date and reason/s thereof shall be reported to the Corporation's annual and current reports. It shall include a discussion of any disagreement on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

In case the External Auditor believes that the statements made in an annual report, information statement or proxy statement filed during his engagement are incorrect or incomplete, his views shall be presented in said reports.

Compliance System

The Chairman of the Board shall designate a Compliance Officer who shall assist them and shall hold the rank of a Vice President or its equivalent.

The Compliance Officer shall perform the following duties:

- i. Implement this Manual, and monitor compliance with the provisions and requirements herein;
- ii. Appear, on behalf of the Corporation, upon summon on matters herein that need to be clarified;
- iii. Determine any violation of this Manual, and create a system for due process;
- iv. Recommend sanctions for such violations and preventive measures for future violation;
- v. Issue a certification on the Corporation's compliance with explanation for any deviation committed;
- vi. Provide the Commission with necessary sworn certifications, if required; and
- vii. Identify, monitor, and control all compliance risks.

The appointment of the Compliance Officer shall be immediately disclosed. All correspondence relative to the functions stated herein shall be addressed to the Compliance Officer.

Part VI
Communication and Information

Management's Responsibility for Information

Financial reporting and control shall be the responsibility of the Management. They shall perform the following:

- a. Present an assessment of the Corporation's position and prospects extending to interim and other price-sensitive public reports, and information required by law;
- b. Explain their responsibility for preparing accounts which shall include a statement by the auditors about reporting responsibilities;
- c. Report that the business is a going concern, supported by, if necessary, assumptions or qualifications;
- d. Maintain a sound system of internal control to safeguard Corporate investment and assets;
- e. Ensure that the internal audit examinations cover the evaluation of adequacy and effectiveness of controls encompassing the governance, operations, and information systems. It shall also include the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
- f. Require the Chief Audit Executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee of the Board. Such report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management.

The Management shall be responsible to report to the Board any information which requires the Board's attention. This may include explanatory information, copies of disclosure statements and documents, budget, forecasts, and monthly internal financial statements. Variance between projections and actual results should also be reported and explained to the Board.

Further, The Management shall also be responsible for the public and timely disclosure of all material information about the Corporation including, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

Thus, commitment to full disclosure of material information shall be paramount.

Communication of this Manual

This Manual shall be submitted to and made available at the Philippine Securities and Exchange Commission. It shall also be available for inspection by any stockholder of the Corporation at its principal office during reasonable hours on a business day.

Part VII
Stockholders' Rights

Stockholders Rights

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

a. Voting Right

Stockholders shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code. Cumulative voting shall be used in the election of Directors. Directors may be removed with or without cause, however, Directors shall not be removed without cause if it will deny minority shareholders representation in the Board. The removal of Directors requires an affirmative vote of two-thirds (2/3) of the outstanding capital of the Corporation.

Candidates for election to the Board of Directors may be made by any by sending a nomination letter to the Nomination Committee within the relevant deadline as may be approved by the Board and disclosed pursuant to the rules. All nominations will be reviewed and deliberated prior to indorsing the qualified candidates for ratification and approval by the Board.

b. Pre-emptive Right

All stockholders shall have pre-emptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to their particular shares, all of which are protected by law so long as they are not in conflict with the Corporation Code.

c. Right of Inspection

The stockholders shall be allowed to inspect corporate books and records including minutes of Board meeting and stock registries in accordance with the Corporation Code and shall be provided an annual report, including financial statements, without cost or restrictions.

d. Right to Information

The Stockholders 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 holdings of the Corporation's shares, dealings with the Corporation, relationships among Directors and key officers, and the aggregate compensation of Directors and officers. The Information Statement/Proxy Statement where these are stated must be distributed to the shareholders before annual general meetings and in the Registration Statement and Prospectus in case of registration of shares for public offering with the Commission.

Minority shareholders shall have 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. In accordance with existing law and jurisprudence, 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 should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholder's having a legitimate purpose for such access. The notice of the Annual and Special Shareholders' Meeting with sufficient and relevant information shall be sent at least 21 days prior to the meeting.

e. Right to Dividends

Shareholders have the right to receive dividends subject to the discretion of the Board. The Commission, however, may direct the Corporation to declare dividends when its retained earnings is 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 Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

f. Appraisal Right

In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

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

g. Alternative Dispute Mechanism for Intra-Corporate Dispute

The Corporation adopts the rules and procedures set forth under Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004, as an alternative means to settle disputes with a view towards preventing excessive litigation.

Duty of Directors to promote shareholders' rights

The Directors have the duty to promote shareholders' rights, remove impediments to the exercise of shareholders' rights and recognize lawful mechanisms to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Part VIII

Penalties for Non-Compliance

Penalties for Non-Compliance

The following penalties shall be imposed on any of the Corporation's Directors, officers, or employees, after notice and hearing in case of any violation of any of the provisions provided herein:

- a. Reprimand in case of a first violation;
- b. Suspension from office, the duration of which shall be at the reasonable discretion of the Board and depending on its gravity in case of a second violation;
- c. Removal from office in case of a third violation. In case of a third violation of a member of the Board, such commission of a third violation shall be a sufficient cause for removal from Directorship.

Part IX
Review and Amendments

Review and Amendments

The provisions of this Manual and the enforcement thereof shall be subject to quarterly review unless otherwise stated by the Board.

All business processes and practices 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 state.

This Manual is subject to review and amendment taking into account the Corporation's changing needs, factual conditions prevailing in the environment, and regulatory requirements.

Part X
Adoption and Effectivity

Adoption and Effectivity

This Manual was first adopted by the Board of Directors of the Corporation on 31 January 2021 and was made effective immediately. Amendments to comply with issuances of the government shall be deemed adopted and effective upon effectivity of the relevant regulatory issuance.