



2017
ANNUAL REPORT
BUILDING BIG IDEAS



I'M A **TRAILBLAZER**

WILCON

DEPOT



2017 ANNUAL REPORT

TABLE OF CONTENTS

6	Corporate Profile	16	President's Report
7	Mission and Vision	20	Board of Directors and Executive Officers
8	Timeline	27	Wilcon Highlights 2017
10	Store Directory	35	Corporate Governance Manual
12	Financial Highlights	70	Audited Financial Statements
14	Founder's Message		



CORPORATE PROFILE

WILCON DEPOT, INC. (PSE: WLCON) is the Philippines' leading home improvement and construction supplies retailer. It caters to the fast-growing segment of middle- to high-income homeowners whose needs range from new home construction, renovation, repair and maintenance to home improvement, furnishing and design. Wilcon is top-of-mind among homebuilders and homeowners looking to build or renovate their homes with its complete spectrum of product offerings. Wilcon carries local and international brands of tiles, sanitary wares and plumbing, hardware and tools, and other DIY items such as electrical and lighting, paints and building materials, doors and mouldings, and also household items such as furniture and home interiors, appliances and housewares, among others. Despite having a huge collection of products, Wilcon maintains ease in shopping through its organized and clutter-free environment.

Wilcon traces its roots to 1977 when its founder, Mr. William T. Belo, opened his first branch, a modest 60-sqm hardware store, in Quezon City. He gradually expanded the pioneer Wilcon branch as business picked up, opening three more Metro Manila branches with an average area of 2,400 sqm from 1989 to 1995.

Wilcon's first foray outside Metro Manila was in 2002 when it opened a branch in Davao City. In

its continued efforts to find ways of delivering the best service to its customers, Wilcon built its first depot-format store in Las Pinas in 2003. The depot-format is a new store concept for the business at that time and at 10,000 sqm, much larger than the older branches with a more comprehensive product selection. The depots offered more comfortable shopping experience with free parking spaces, air-conditioned stores, reliable delivery service and knowledgeable sales personnel. Over the next 14 years, Wilcon rapidly expanded its operations with the opening of 32 more depot format stores around the country.

In its initial years, the business operated under several corporate entities based on the geographical location of the branches and store formats. The companies were then consolidated into Wilcon Builders Depot, Inc. (WBDI) to achieve economies of scale and promote operational efficiencies, which was completed in 2013.

On December 17, 2015, the Company, Wilcon Depot, Inc. (WDI) was incorporated to operate the retail business of WBDI, which was renamed to Wilcon Corporation (WC) in November 2016. WDI commenced operations on April 1, 2016 upon the transfer of the retail operations of the parent and was listed on the Philippine stock exchange on March 31, 2017.

Mission & Vision



OUR MISSION

To help people build, improve, and refine their homes for a sustainable and comfortable life.

OUR VISION

Our vision is to become the preferred company in our industry for all our key stakeholders: our customers, our partners, our employees, our shareholders and the society we live in.

To deserve the trust and respect our key stakeholders place in us, we at Wilcon differentiate ourselves by the standard of excellence and commitment we adhere to.

For our customers, we are committed to delivering products and solutions of superior quality and providing excellent and reliable service.

For our partners, we are committed to nurturing a winning network of suppliers in order to create mutual and enduring value.

For our employees, we are committed to create an environment that respects their dignity as persons, cultivates knowledge and talent, and empowers them to be the best they can be through continuous career and development opportunities.

For our shareholders, we are committed to maximize long – term returns to shareholders that can enable growth and prosperity in the business, and in turn, provide more opportunities for our employees and more solutions to our customers.

For the society we live in, we are committed to contributing the best expertise, knowledge, skills, and resources to promote stronger, safer and more sustainable homes and buildings for all kinds of people.



COMPANY TIMELINE

1977-2001



- Traditional trade
- Small hardware store format
- Wholesale and retail operations

2002-up

- Introduced & expanded depot format
- Converted into a modern trade channel
- Pure retail operations offering a complete spectrum of home improvement products.



WILCON DEPOT

2009-2014

- Major re-branding/ Evolution of Wilcon logo and brand
- Re-conceptualization of the smaller-sized stores into a separate format labeled "Home Essentials"
- Consolidation of operations under one entity (WBDI, now WC)
- Enhanced exclusive and in-house brand offerings





2017–present

2015-2016



- Establishment of WDI and transfer of the retail operations from WC to WDI

- Initial public offering of WDI
- Roll out of the five-year 29-depot expansion plan



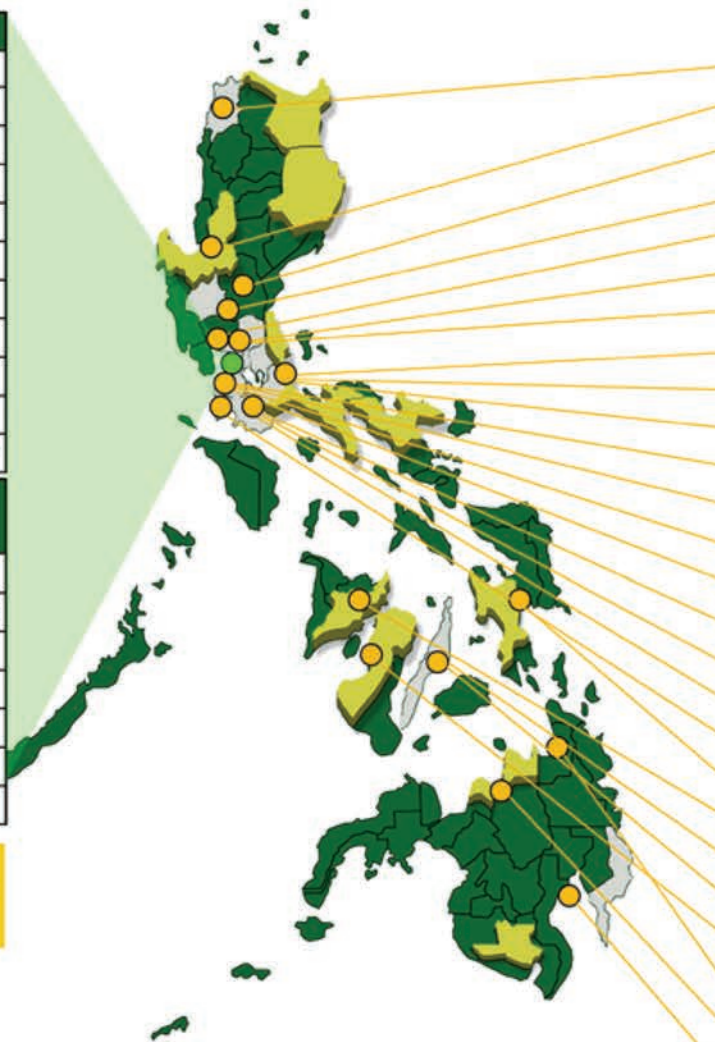
STORE DIRECTORY

METRO MANILA (DEPOT)	
1	VALENZUELA CITY
2	FAIRVIEW
3	QUIRINO
4	BALINTAWAK
5	QUEZON AVENUE
6	LIBIS
7	WILCON IT HUB
8	SUCAT
9	ALABANG
10	FILINVEST
	PASONG TAMO (TEMPORARY CLOSED)

METRO MANILA (HOME ESSENTIALS)	
1	MINDANAO AVENUE
2	CITY CENTER, VISAYAS AVENUE
3	MUÑOZ
4	ALI MALL
5	STA. MESA
6	PASAY CITY
7	LIBIS



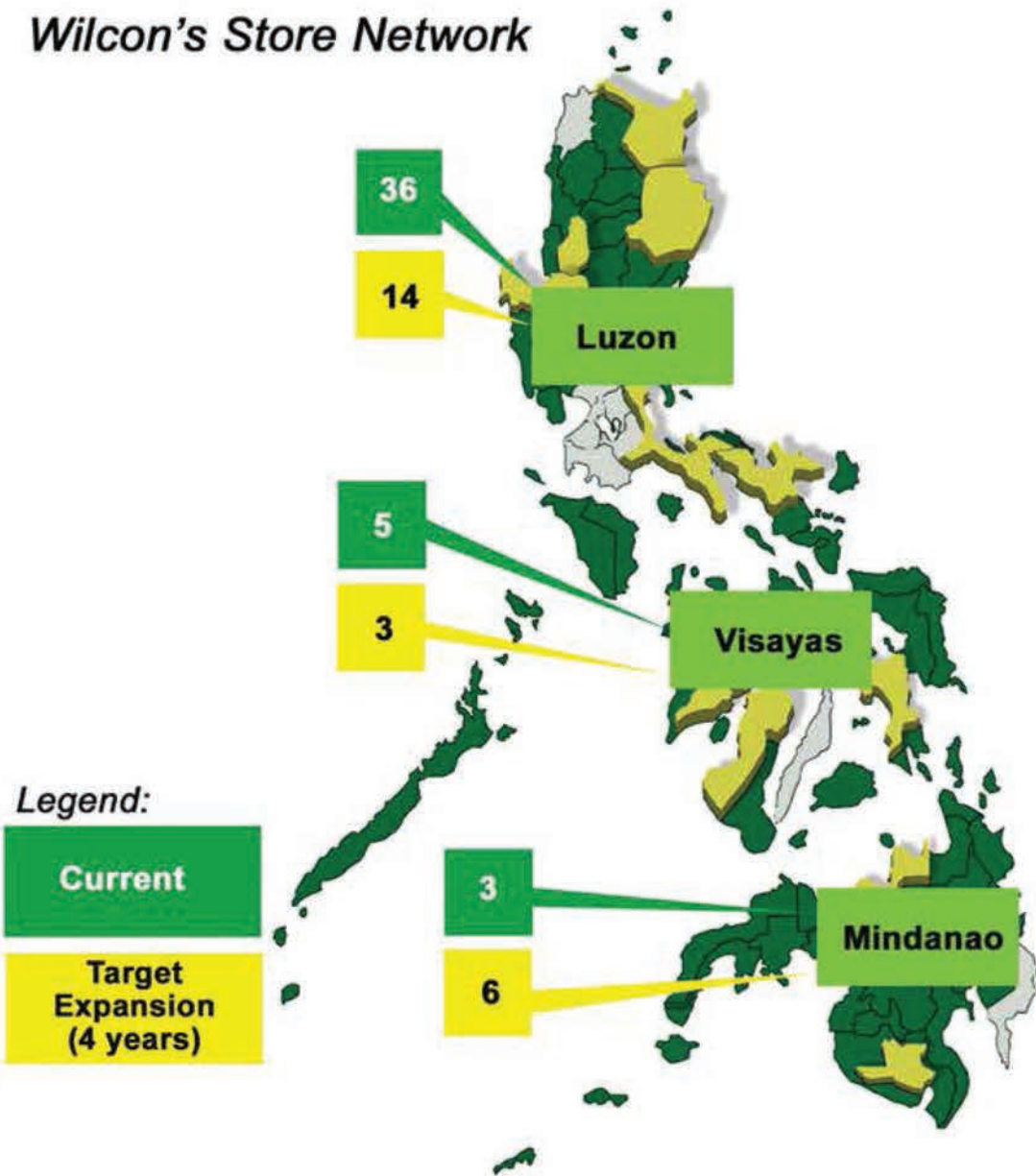
* as of MAY 4, 2018



NATIONWIDE (DEPOT)	
1	LAOAG, ILOCOS NORTE
2	VILLASIS, PANGASINAN
3	CABANATUAN CITY, NUEVA ECIJA
4	TARLAC CITY
5	DAU, PAMPANGA
6	SAN FERNANDO, PAMPANGA
7	MEXICO, PAMPANGA
8	BALIUAG, BULACAN
9	TAYTAY, RIZAL
10	ANTIPOLO CITY, RIZAL
11	DASMARIÑAS CITY
12	KAWIT, CAVITE
13	MOLINO, CAVITE
14	SILANG, CAVITE
15	CALAMBA CITY, LAGUNA
16	SAN PABLO CITY, LAGUNA
17	STA. ROSA CITY, LAGUNA
18	BATANGAS CITY
19	TACLOBAN CITY, LEYTE
20	JARO, ILOILO
21	TALISAY CITY, CEBU
22	MANDAUE CITY, CEBU
23	TALISAY - BACOLOD, NEGROS OCCIDENTAL
24	BUTUAN CITY
25	CAGAYAN DE ORO CITY, MISAMIS ORIENTAL
26	MATINA, DAVAO



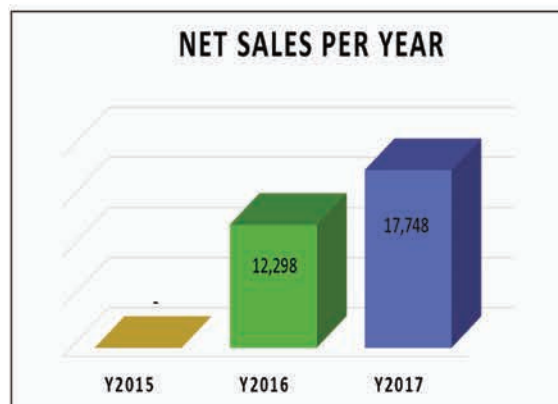
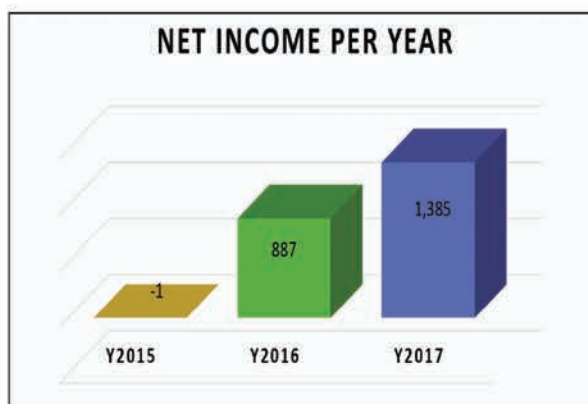
Wilcon's Store Network



FINANCIAL HIGHLIGHTS

(IN PHP MILLIONS
except per share amounts)

	2017	2016	2015
FOR THE YEAR			
Net Sales	17,748	12,298	-
Gross Profit	5,266	3,299	-
EBIT	1,856	1,046	-1
EBITDA	1,960	1,108	-1
Net Income	1,385	887	-1
AS AT 31 DECEMBER			
Total Assests	16,024	9,144	50
Total Liabilities	4,106	5,561	1
Total Stockholder's Equity	11,918	3,582	49
PER SHARE			
Basic Earnings	0.37	0.43	0.01
Book Value	2.91	1.32	0.99

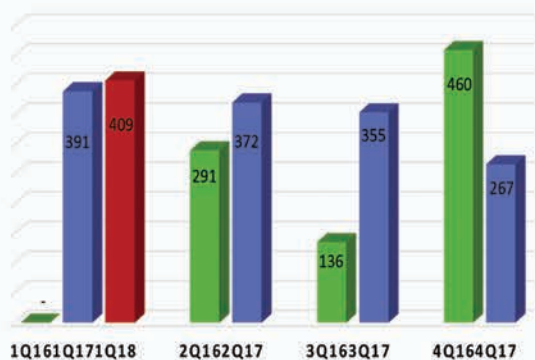


Commercial Operations started April 1, 2016

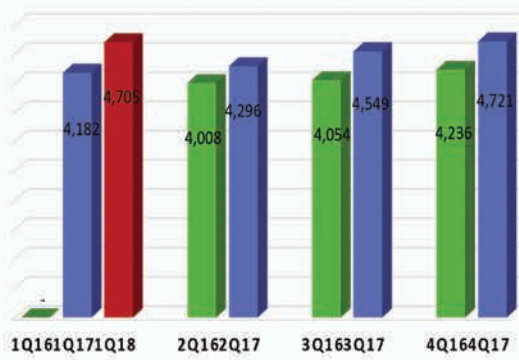
(IN PHP MILLIONS
except per share amounts)

	1Q18	1Q17	1Q16	2Q17	2Q16	3Q17	3Q16	4Q17	4Q16
FOR THE PERIOD									
Net Sales	4,705	4,182	-	4,296	4,008	4,549	4,054	4,721	4,236
Gross Profit	1,472	1,262	-	1,295	974	1,369	914	1,340	1,411
EBIT	568	453	-	524	228	501	154	377	664
EBITDA	598	476	-	548	247	528	176	407	686
Net Income	409	391	-	372	291	355	136	267	460
PER SHARE									
Basic Earnings	0.10	0.14	-	0.11	0.21	0.10	0.07	0.07	0.23
Book Value	3.01	2.62	-	2.72	1.11	2.81	1.15	2.91	1.32

NET INCOME PER QUARTER



NET SALES PER QUARTER



Commercial Operations started April 1, 2016

FOUNDER'S MESSAGE

The overwhelming faith of the investing public in Wilcon has beyond humbled me. It had made all the hard work and sacrifice so much more rewarding. To be validated by our customers with their consistent patronage all these years, to be depended on by our suppliers as a partner in reaching their growth objectives and now, to be trusted by you fellow shareholders to deliver value for your investments, I couldn't be prouder. This trust you've bestowed in Wilcon will surely inspire us to persevere in our mission of helping people build, improve and refine their homes for a comfortable and sustainable life.

The dream was simple, to be the indispensable partner of homeowners and home builders in their home construction and improvement projects. It was simple but it was encompassing and inspiring. It was how our motto came about, "Building Big Ideas".

To consistently build big ideas we must be trailblazers, especially in the home improvement and finishing construction supplies trade, which was and still is largely traditional in our country. We pioneered the depot format when we opened our first big box store in Alabang, Muntinlupa, Metro Manila in 2003. Not only did we make our stores bigger to accommodate a much wider array of product offerings in more categories but we revolutionized the path to purchase of our market. We offered not only products but solutions. We made our presentations attractive but more importantly caring of our customers' comfort. We upscaled our service to be miles above our nearest competition, offering well thought-out and convenient features in our stores that greatly improved the shopping experience of our customers.

From the first depot opened, there was no looking back for Wilcon. We continued to expand what now has become our flagship format. We initially expanded in our home base, Metro Manila, then in its surrounding regions and eventually in farther areas. Our expansion path



logically followed where development was, where our market is emerging and growing.

What's in store for our stakeholders in the coming years? As we promised when we went public in March 2017, we will be bringing Wilcon, our product offerings and brand of service closer to our markets. We committed to open 29 new depots all over the country by 2021. We have identified eight sites in Mindanao, five in the Visayas and 16 in Luzon. In 2017, we have opened two in Mindanao, in Butuan and Cagayan de Oro cities. We are now present in Western Visayas with two stores. The region is one of the fastest growing regions in the country and the sixth-ranked in terms of Gross Domestic Product (GDP) in current 2017 prices according to the Philippine Statistics Authority (PSA). We also opened one more store in Central Luzon, bringing to six the total number of our branches in the region. Central Luzon ranks third in terms of GDP, following the National Capital and CALABARZON (Calamba, Laguna, Batangas, Rizal, Quezon) regions. Correspondingly, we have the most number of stores in the top three most developed and highest income earning regions of the country. For 2018, we are planning to open nine more depots, one in the Visayas, three in Mindanao and five in Luzon. All of the sites we have identified are in high growth cities with markets that are ready for a Wilcon depot.

In all the new markets that we enter, Wilcon has always been the trailblazer, paving the way for modern trade to flourish. We introduce comfort and convenience in shopping, scale and consistent quality of products, and trained and knowledgeable customer experts that would guide customers in making the right choices for their particular needs.


In the product front, we are not letting up in seeking, developing and collaborating with our suppliers for products that are consistently suited to our market considering their ever-

evolving needs and preference. As we continually rationalize our product offerings, we are focusing on products and brands that will also bring value to our shareholders and suppliers in parallel with delivering the best quality to our customers.

We are getting more and more support from suppliers not only in terms of pricing but also in logistics and marketing. Our suppliers, even those with a sizeable traditional trade market recognize that the way of the future is the modern trade channel. In the same manner that we have committed to support our suppliers' growth objectives, they are likewise backing our pioneering efforts to modernize and enhance the construction supplies and home improvement retail industry. As the economy continues to grow inclusively, disposable income rises and markets demand for more differentiated products and become more value and quality-conscious, modern trade channels will continue to expand its share of the market.

We are not letting up in our expansion plan as we continue to believe in the stability and the resiliency of the Philippine economy and remain bullish of the growth potential of our market.

In everything that we've accomplished and the work that still needs to be done to reach our objectives and realize our vision, the Wilcon organization is grateful for the support of all our stakeholders. With our customers' enduring loyalty, our committed mutually beneficial support system with our suppliers, the trust of our shareholders, more big ideas will continue to be built by Wilcon.



WILLIAM T. BELO,
Chairman Emeritus

PRESIDENT'S REPORT

The year 2017 was a monumental year for Wilcon.

WHERE WE CAME FROM...

In true trailblazing fashion, Wilcon became the first pure home improvement and finishing construction supplies retailer to go public and list in the Philippine Stock Exchange. To top it, we were awarded the Philippines' "Best IPO for 2017" by The Asset magazine's Triple A Country Awards.

Wilcon thrives in any arena it chooses to play in and it has almost always paved the way for the other players. As an example, when our founder, Mr. William Belo, started the business, he chose to open his first store in Quezon Avenue, Quezon City. This was an unusual location during that time when the destination for hardware customers are the vicinities of Binondo-Alonzo streets in Manila. Most notable among our various firsts is that we were the first traditional finishing

construction materials specialty shop to modernize. We were the first to build depots and transform our stores into the convenient, comfortable and easy-to-navigate stores that they are today. Our vision was to be a one-stop shopping destination for homeowners' and home builders' finishing construction supplies and home improvement needs.

There were many skeptics who thought that the finishing construction supplies trade will only prosper in a traditional set up. Wilcon, however, proved the skeptics wrong when our loyal customers kept coming back and multiplied by the year. Consequent to this strategic shift was the concentration on retail operations and the cessation of Wilcon's wholesale trading business. The expansion of product categories came next to include all areas of home improvement. While we were able to protect our market share in our core products all these years, we have made headway in other categories as well to become a bona fide one-stop shopping destination for new builds, renovations and enhancements.

In 2012, Wilcon rolled out an expansion plan in time for its 40th anniversary last year, 2017. Dubbed, "40 at 40", to mean 40 stores on our 40th year, it was already quite ambitious for us then. At the end of 2011, we only had 21 depots and four home essentials, our smaller, community or mall-based format stores. We were supposed to open an average of three new stores per year, which we haven't done consistently in the past. Mid-way through the plan, we realized there was an opportunity to bring Wilcon further and higher. We wanted sustainability for Wilcon, we wanted consistent growth, not





“ WE CONTINUE TO SOURCE AND DEVELOP NEW AND ALTERNATIVE SOLUTIONS FOR THE CHANGING NEEDS AND PREFERENCE OF HOMEOWNERS AND HOME BUILDERS. ”

just in streaks and spurts but growth that will ensure the longevity of Wilcon in the next generations.

That opportunity was opening Wilcon to other investors and having the ready capital to ensure expansion in the next few years. Hence in mid-2015, concrete steps were taken to prepare the business for public listing. With the imperatives of public listing pushing the organization to dig deep to deliver the results, we were able to surpass our “40 at 40” goal when we opened our 41st branch in December 2017.

Overlapping that program was the enhanced “65 by 2021”, which was the store network expansion plan that the proceeds from the initial public offering will partly fund. We had 36 stores at the end of 2016 and the new expansion plan was to open 29 new depots from 2017 to 2021.

WHAT WE HAVE ACCOMPLISHED...

First year into our expansion plan and we opened five new depots in 2017, the most Wilcon has ever done for any given year. Our new sites are in areas where Wilcon has never been before. We opened in the cities of Butuan and Cagayan de Oro in Mindanao; Iloilo and Talisay, which is adjacent to Bacolod in the Visayas; and Cabanatuan in Central Luzon. These sites, along with others in the pipeline, have long been earmarked for expansion and which finally came into fruition with the added impetus of an accelerated growth objective and the ready funds provided by the IPO proceeds.

Our expansion was not only in terms of new store openings, we are also increasing the contribution of our higher-margin products to give better value not only to our shareholders but also to our customers. Our higher-margin products are especially curated to suit the requirements

and preference of their respective target markets. We are not leaving out any of our customers since we maintain the whole spectrum of product choices.

In 2017, we launched our own lighting and electrical line, designed to provide a one-brand solution for all the customers’ lighting and electrical needs. We continue to source and develop new and alternative solutions for the changing needs and preference of homeowners and home builders. In product development and the determination of product offerings, our overriding objective is always to give value to all our stakeholders - our customers, our shareholders and our partner-suppliers.

To support our accelerated expansion, in 2017 we have also implemented various process improvements, manpower training enhancements, increased collaborations with our partner-suppliers and more dynamic yet better-targeted marketing campaigns. We participated in industry-based expositions and exhibits including the World Building and Construction Exposition, Store Asia Expo, 24th National Retail Conference and Expo, 25th CEBUCON and the 14th Philippine Building and Construction Expo Cebu, among others.

Wilcon directly or through our Wilcon Foundation Inc. has always been committed to give back to the communities we are operating in through aid and donations to charitable and civic organizations. Wilcon also does its modest share in saving the environment by becoming part of the Save the La Mesa Watershed Project. We adopted a ten-hectare area wherein we conducted a tree-planting activity participated in by our employees. Wilcon also launched our environment-focused campaign called “Sustainability is the New Green”. We dedicated an area in our major stores where we showcase sustainable products that conform to the requirements for a Leadership in Energy and Environmental Design (LEED) certification.

WHERE WE ARE NOW...

With all the efforts we've expended in 2017, we were rewarded with another banner year in terms of net sales and net income. We achieved record sales and earnings as we built on the successes of the previous years and came out with another strong performance in 2017.

Net sales aggregated ₱17.748 billion, 96.9% or ₱17.198 billion was generated by the depot formats and project sales. The smaller format home essentials stores comprised the remaining 3.1% or ₱550 million of total net sales. Sales from new stores opened in 2017, including less than a year-old sales from stores opened in 2016 totaled ₱830 million, accounting for 4.7% of total sales. These new stores are expected to contribute more to Wilcon's revenues in the future as these areas advance in their growth track.

2016 sales totaled ₱12.298 billion, representing net sales for the period beginning April 1, 2016, the start of commercial operations. Sales from depots and projects accounted for 96.7% while sales from the home essentials stores accounted for the remainder 3.3% of total net sales for the period. In 2016, two depot format stores were opened, in Molino, Cavite and Santa Rosa, Laguna, both areas are located in the highly progressive CALABARZON region immediately south of Metro Manila.

The push for higher-margin products resulted in a higher gross profit margin of 29.7% in 2017 as compared to the 26.8% reached in 2016, albeit the retail operations was only transferred to Wilcon Depot, Inc. from the parent, Wilcon Corporation on April 1, 2016.

Wilcon's operating expenses amounted to ₱3.596 billion by the end of 2017, accounting for 20.3% of total net sales. In 2016, operating expenses comprised 18.6% only of total net sales. The increase in both absolute amounts and as a percentage of sales is expected given that the new stores are still ramping up their sales.

For the year, Wilcon generated a net other income of ₱185.3 million consisting of interest income from money market placements and AFS financial asset, rent income from gondola lightings, facade billboards, display windows and other income representing amounts charged to and from suppliers for the use of billboards, signage, and other reimbursable costs. Interest expense, meanwhile amounted to ₱21.8 million for the year.

Hence, earnings before interest, taxes, depreciation and amortization (EBITDA) for 2017 reached ₱1.960 billion, or 11.0% of net sales, higher than the EBITDA for 2016 which closed at ₱1.108 billion, or 9.0% of net sales.

Meanwhile, earnings before interest and taxes (EBIT) for the year 2017 reached ₱1.856 billion or 10.5% of net sales, while for the year 2016 EBIT amounted to ₱1.046 billion, or 8.5% of net sales.

Net income for the year reached ₱1.385 billion for a net profit margin of 7.8% while net income for the nine months in 2016 since the transfer of retail operations, amounted to ₱886.8 million for a 7.2% net profit margin.

Wilcon's financial condition further strengthened following its strong performance in 2017 and the infusion of additional equity from the initial public offering of its common shares.

Total assets reached ₱16.024 billion, 75.2% more than the 2016 balance of ₱9.144 billion. The net proceeds from the IPO was the main driver for the upsurge in total assets. Cash of ₱6.749 billion was infused into Wilcon from the offering, the balance of which were invested in retail treasury bonds and money market placements after partly paying off debts and deploying a portion for general corporate purposes as intended. This balance will be used to fund the store network expansion in 2018 and the following three years.

In view of the expansion requirements,

merchandise inventories increased to ₱6.968 billion from ₱6.576 billion by the end of 2016, representing a 6.0% or ₱392.3 million upswing. Merchandise inventories is the biggest asset account of Wilcon accounting for 43.5% of total assets as of end-2017.

On the liabilities front, total liabilities amounted to ₱4.106 billion as at December 31, 2017, ₱1.455 billion or 26.2% less than the balance of ₱5.561 billion at the end of 2016. The drop is attributable mainly to the repayment of bank loans.

Total equity consequently closed higher at ₱11.918 billion versus total equity as at December 31, 2016, which totaled ₱3.582 billion. The 332.7% upsurge is due primarily to the initial public offering of Wilcon's common shares that generated added capital stock of ₱1.394 billion and an additional paid in capital of ₱5.374 billion; and net income earned for the period of ₱1.385 billion.

WHERE WE ARE HEADED...

We are determined to move forward and pursue our expansion plans as mapped out and thus committed to open 24 new depots within four years from 2018. The sites of these new stores have been identified and locked in for lease. The remaining sites are a combination of new markets where no Wilcon store has operated previously and additional stores in existing markets that have room for expansion.

We will maintain our momentum in product development and continue to be on the lookout for new, innovative products that will suit the changing construction and design concepts and technology.

We believe that the economy will bear us out and will continue in its growth path. The upside of the depreciation of the Philippine Peso is the increased value of remittances from Overseas Filipino Workers (OFW) to their families. The middle-income earners, our broadest market, through the Tax

Reform for Acceleration and Inclusion (TRAIN) Law, the first package of which took effect in January 2018, stand to realize higher take home pays as the personal income tax rate of middle-income earners was lowered. With the government's timely and proper management of rising inflation together with the continued implementation of the succeeding tax reform packages, the Philippine economy with its sound fundamentals should be able to weather expected headwinds and achieve its growth targets.

THE PEOPLE WHO BROUGHT US HERE...

We would like to thank all our stakeholders for this humbling success that you helped Wilcon achieve. The board of directors and I would like to express our deepest gratitude to all our employees. We pride ourselves with having very capable and enthusiastic homegrown talents, many of whom have been with Wilcon for decades as officers and employees who have carried Wilcon to its current status. To our suppliers who have been our partners in our mutual pursuit of growth, your support is very much appreciated. To our fellow shareholders whose belief in Wilcon's capability to deliver value to their investments has been overwhelming, thank you. And last but not the least, our utmost gratitude to our customers, new and long-time, for giving us the opportunity to provide your home improvement needs completely, knowledgeably and comfortably.



LORRAINE BELO-CINCOCHAN

Director, President and Chief Executive Officer

THE BOARD OF DIRECTORS



AND EXECUTIVE OFFICERS



BOARD OF DIRECTORS



WILLIAM T. BELO

Chairman Emeritus

Mr. Belo is the founder of the Wilcon business and brand. He was Chairman and/or President of all Wilcon companies established and/or acquired from 1977 to 2016 including Wilcon Corporation (WC), the parent company of WDI. He remains to be Chairman of WC to date. He also established and held executive positions in various businesses in real property holdings and development, agriculture and farming, and crocodile breeding. For bringing Wilcon into the forefront of the home improvement and construction supplies retail industry, Mr. Belo won various awards such as the 2013 MVP Bossing Award, a distinction given to the outstanding entrepreneurs of the country and the 2017 Retailer of the Year Award, the top honor given by the Philippine Retailers Association. Mr. Belo graduated from the University of Sto. Tomas in 1968 with a Bachelor of Science degree in Electronics and Communications Engineering.



BERTRAM B. LIM

Independent Director, Chairman

Mr. Lim, is an Independent Director of the Company since May 2017. He is also the Chairman of the United Neon Advertising, Inc., the largest outdoor advertising company in the Philippines and the Chairman of the Center for Community Transformation, a Christian non-government organization, ministering to the poor, with half a million beneficiaries. He is the Board Treasurer of the Trinity University/St. Luke's Health Sciences Consortium and a Bestselling Author. He obtained his Bachelor of Science in Mechanical Engineering degree (Cum Laude) from the University of the Philippines and Master of Science degree from Massachusetts Institute of Technology.



LORRAINE BELO-CINCOCHAN

Director, President and Chief Executive Officer

Ms. Belo-Cincochan has been the Director of the Company since it was incorporated in December 2015. She is also a Director of Wilcon Corporation (WC). She has held various positions in the business starting out as a trainee to the President of Wilcon Builders Supply, Inc. in 2000, headed the IT department in 2002 before being assigned to manage the daily operations of a branch as a Depot Manager-trainee from 2003 to 2005 under WC. She was then appointed as Executive Vice President for Operations in 2005 and in 2006 was named Chief Finance Officer, holding the position until March, 2016. Ms. Belo-Cincochan graduated from the University of the Philippines-Diliman in 1999 with a bachelor's degree in Creative Writing.



MARK ANDREW Y. BELO

Director, Treasurer and Chief Financial Officer

Mr. Belo has been the Director of the Company since its incorporation. He is also the President and Chief Executive Officer of Wilcon Corporation (WC) from March 2016 to the present. Under WC, he was Assistant Vice-President for Business Development from 2015 to March, 2016 and Executive Project Management Head from January 2013 to March 2015. He was also assigned in various positions under Wilcon Builders Supply, Inc. from July 2004 to August 2007. He graduated from the University of Asia & the Pacific in 2004 with a bachelor's degree in Industrial Economics.



CAREEN Y. BELO

Director, Chief Product Officer

Ms. Belo has been the Director of the Company since it was incorporated in December 2015. She is concurrently a Director of Wilcon Corporation (WC), the Executive Vice President for Sales and Product Development of Coral-Agri Venture Farm Inc., Executive Officer of Crocodylus Porosus Phil Inc. and President of The Meatplace Inc. She held various positions in the retail business having been a Business Development Manager from 2004 to 2007 under WC, Marketing and Sales Assistant from 2007 to 2014 and Executive Financial Audit Manager from 2014 to March, 2016. Ms. Belo obtained her Bachelor of Science in Management from the University of Asia & the Pacific in 2005.



RICARDO S. PASCUA

Independent Director

Mr. Pascua is an Independent Director of the Company since September 2016. He was Vice Chairman of the Board and President and CEO of Metro Pacific Corporation from January 2000 until his retirement in December 2001, a position he held also from January 1993 to July 1995. In between, he was Vice Chairman and CEO of Fort Bonifacio Development Corporation. He was concurrently an Executive Director of First Pacific Company Ltd. from 1982 to 2001 and as such served in the boards of companies such as Smart Communications, Inc., United Commercial Bank in San Francisco, California, First Pacific Bank in Hong Kong and 1st eBank in Manila. Mr. Pascua started his career in Bancom Development Corporation as Asst. Vice President in 1972 and was assigned in Bancom International Ltd. in Hong Kong as Senior Manager in 1975. Currently, Mr. Pascua serves as an independent director in various corporations and foundations. He is likewise involved in several businesses as Chairman of the Board of Caelum Developers Inc., Facilities & Property Management Technologies, Inc., Ascension Phildevelopers, Inc.; Chairman of the Executive Committee of Phoenix Land Inc. and a Director in Boulevard Holdings, Inc., Central Luzon Doctor's Hospital, Costa de Madera Corp. and Quicksilver Satcom Ventures, Inc.; and the President of Bancom II Consultants, Inc. Mr. Pascua has a Master of Business Management from Asian Institute of Management obtained in 1971 and he finished his bachelor's degree major in Economics (Cum Laude) from the Ateneo de Manila University in 1969.



ROLANDO S. NARCISO

Independent Director

Mr. Narciso is an Independent Director of the Company since September 2016. He was formerly a Director and Officer of New Kanlaon Construction, Inc. from 2004 to 2014. He was President and Chief Operating Officer of Steel Corporation of the Philippines from 1998 to 2004 and President and Chief Executive Officer of Royal Asia Multi-Properties, Inc. from 1996 to 1997. Before National Steel Corporation was privatized, Mr. Narciso was its President and Chief Operating Officer from 1989 to 1995 and concurrently from 1989 was a Director of Refractories Corp. of the Phils. And Semirara Coal Corp. up to 1994; and Integrated Air Corp. up to 1993. From 1974 to 1988, he held various positions in National Steel and other subsidiaries of the National Development Company. He also held various positions in the Esso Group of Companies from 1967 to 1974. He is a member of professional organizations such as the Financial Executives, Inc. and the Management Association of the Philippines. He obtained his Master in Business Management and Bachelor of Science in Business Administration degrees from the Ateneo de Manila University in 1967 and 1965, respectively.



DELFIN "JING" L. WARREN

Independent Director

Mr. Warren is an Independent Director of the Company since May 22, 2017. He is the founder, principal and current Chairman of One Incentive Systems Advocates (IISA) Group and the Warren and Nolasco Realty Corp. He also held various positions in prestigious companies such as First Pacific Commodities Holdings, Ltd., The Hibernia Bank of San Francisco, PT Indo Ayala Leasing Corp., Indonesia and Bancom Philippine Holdings, Inc. He is a licensed Chemical Engineer and he obtained his Bachelor of Science in Chemical Engineering at De La Salle College, Manila in 1971. He was also a consistent dean's lister and a recipient of Jose Rizal Scholarship.

SENIOR MANAGEMENT



**MARK ANDREW
Y. BELO**

Director, Treasurer and
Chief Financial Officer

**LORRAINE
BELO-CINCOCHAN**

Director, President and
Chief Executive Officer

CAREEN Y. BELO

Director, Chief Product Officer



ROSEMARIE BOSCH-ONG

Senior Executive Vice President
and Chief Operating Officer

She held this position since 2007 initially under WC, immediately prior, she was Executive Vice President for Sales and Marketing, which she held from 1988 to 2007. She started out in the business as a Purchasing Manager from 1983 to 1988. She is also the President of the Wilcon Builders Foundation Inc., which she has headed since 2008. She is a Director of the Philippine Contractors Association and the Philippine Retailers Association and a former Treasurer of the Philippine Association of National Advertisers (PANA) Foundation. Ms. Bosch-Ong has a Master's degree in Business Administration from De La Salle University obtained in 2010 and she graduated from the University of the East in 1986 with a Bachelor's Degree in Economics.

EXECUTIVE OFFICERS



EDEN M. GODINO

Vice President for Product Development



GRACE A. TIONG

Vice President for Human Resources



MICHAEL D. TIONG

Vice President for Global Sourcing



**ATTY. ARTHUR R.
PONSARAN**

Corporate Secretary



**ATTY. SHEILA P.
PASICOLAN-CAMERINO**

Asst. Corporate Secretary



MARY JEAN G. ALGER

Investor Relations Officer

WILCON HIGHLIGHTS
2017 

WILCON

DEPOT

AWARDS



2017 was a rewarding year for Wilcon Depot in all fronts. Wilcon was recognized not only by industry peers but also by the financial community for its achievements during the year.

▲ PINNACLE AWARD

Wilcon Depot was awarded by Orgill Inc., a US-based major supplier of Wilcon, the "Pinnacle Award", for achieving the Highest Level of Performance for 2017.



▲ OUTSTANDING SPECIALTY RETAILER-MEGA CATEGORY

Wilcon Depot was likewise awarded during the same ceremony the "Outstanding Specialty Retailer-Mega Category" Award. The highest award for the category.

BEST IPO AWARD 2017

Wilcon Depot took home the Best IPO award for the Philippines at The Asset Triple A Country Awards 2017 held at the Harbour View Ballroom of the Four Seasons Hotel in Hong Kong on January 17, 2018 after showing an impressive growth in their share price few months since its listing last March 2017.



PRA PRESIDENT'S AWARD ▲

Wilcon Depot Founder and Chairman Emeritus, William T. Belo, was awarded by the Philippine Retailers Association (PRA) and the Department of Trade and Industry (DTI) the prestigious 12th PRA President's Award as the "Patriarch of Home Building Retail" during the 20th Outstanding Filipino Retailers and Shopping Centers of the Year (OFRSCY) Awards.





▲ WILCON HELPS SERVANTS OF CHARITY THROUGH ACCESS GOLF CLUB



▲ WILCON SUPPORTS PHILIPPINE RED CROSS

Wilcon Depot has always shared with and given back to the communities we operate in and beyond. We are also committed to giving our modest share in the preservation of our environment not only through special events but in our daily working lives. It is embodied in our mission statement that Wilcon aims to help its customers build and improve their homes not only for comfort but for sustainability as well.

In 2017, Wilcon partnered with various charitable and civic organizations to help them in their various advocacies that Wilcon also supports.

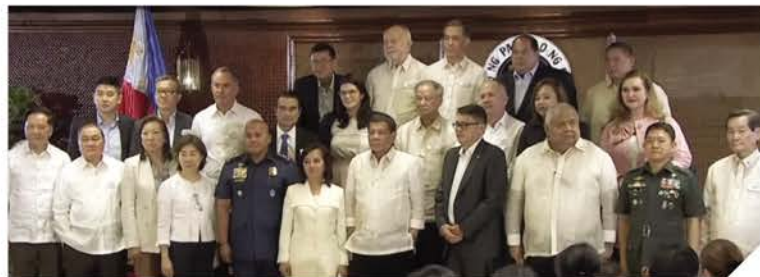
Wilcon also donated to some organizations that are involved in the rebuilding of Marawi specifically the GMA Kapuso Foundation and GoNegosyo Kapatid network. Other organizations that Wilcon supported included the Philippine Red Cross and Gawad Kalinga, among others.



▲ WILCON HELPS BACOLOD FILIPINO-CHINESE CHAMBER OF COMMERCE AND INDUSTRY, INC.



▲ WILCON HELPS MARAWI VICTIMS THROUGH GMA KAPUSO FOUNDATION



▲ WILCON DONATES FUND FOR MARAWI TROOPERS

CORPORATE SOCIAL RESPONSIBILITY (CSR)



SUSTAINABILITY IS THE NEW GREEN



For its sustainability advocacy, most notable that Wilcon undertook in 2017 was the launching of its “Sustainability is the New Green” campaign. Wilcon dedicated areas in major stores that showcase sustainable products that are certifiable under the Leadership in Energy and Environmental Design (LEED) criteria. The LEED aims to encourage the market to transform towards sustainable designs.

Wilcon also adopted a ten-hectare area in the La Mesa Nature Reserve for tree-planting under the Save the La Mesa Watershed Project in partnership with Bantay Kalikasan of ABS-CBN’s Lingkod Kapamilya.



▲ WILCON ON SAVING LA MESA WATERSHED



▲ WILCON SUPPORTS GAWAD KALINGA



▲ WILCON HELPS SULU THROUGH GONEGOSYO'S KAPATID VILLAGE PROJECT



WILCON BUTUAN OPENING



WILCON BACOLOD-TALISAY OPENING



WILCON CAGAYAN DE ORO OPENING



WILCON CABANATUAN OPENING

2017 STORE OPENINGS

2017 - Wilcon Depot, the country's leading home improvement and construction supply retailer, has increased its store footprints after opening five large-format home building and construction retail outlet, 1 in Central Luzon and 2 each in Visayas and Mindanao region.

Wilcon opened its 37th branch located at Butuan City, Agusan del Norte in January 27. Wilcon Butuan City is their 2nd branch in Mindanao region after Wilcon Matina, Davao. In June 30, Wilcon Depot opened its 38th operating store nationwide located in Brgy. Matab-ang Zone 15, Talisay City, Negros Occidental. Wilcon Depot unveiled its 39th store in Cagayan De Oro, Misamis Oriental, being their third branch in the Mindanao region in September 8.

In celebration of the company's 40th year, Wilcon Depot successfully opened its 40th retail outlet at Maharlika Highway, Purok 6.



WILCON ILOILO OPENING

Sumacab Este, Cabanatuan City, Nueva Ecija in November 17. Then in December 8, Wilcon launched their 41st retail store located at Diversion Road, Brgy. Dungon B, Jaro, Iloilo City.

In fulfilling its mission to help people build, improve, and refine their homes for a sustainable and comfortable life, Wilcon stands fast in their commitment to have a total of 67 store networks by 2021.

PRODUCT LAUNCHINGS



Wilcon Depot officially launched its lighting solutions brand, Alphilux, in April 2017. Together with Brand Ambassador Mike Enriquez, Wilcon introduced Alphilux to industry partners, media friends and guests at Makati Shangri-La Hotel.



Wilcon hosted a Bull Outdoor Summer BBQ Feast featuring renowned Chef Jessie Sincioco to introduce Wilcon's exclusive grill brand, Bull Outdoor Products.



Wilcon Depot launched Living, Kitchen, and Bath (LKB) showroom to give design inspiration to its shoppers. LKB showroom features trusted brands, such as Natuzzi Editions, Heim and Heritage home interior and furniture, held at Wilcon Balintawak branch on May 18, 2017, through the Wilcon Summer Trail Event.



Wilcon Depot's exclusive brand Grohe, the global leader in luxury bathroom fittings and fixtures, introduced two of its most game-changing products with Grohe Oktoberfest For The Senses at the BGC Amphitheatre on October 20, 2017.



MARKETING CAMPAIGNS



▲ Wilcon participated in the Philippine World Building and Construction Exposition (Worldbex) on March 15-19, 2017 held at World Trade Center.



▲ Wilcon participated in the 24th National Retail Conference and Expo (NRCE), the biggest and most important retail industry event in the Philippines held on August 10-11, 2017 at SMX Convention Center, Pasay City.



▲ Wilcon Depot joined the 2017 Store Asia Expo, a Retail Suppliers Exhibition to introduce its top exclusive brand and products that features innovative home solutions to more potential clients. It was a coinciding event with the 24th NRCE.



▲ Wilcon Depot joined the 25th CEBUCON at SM Seaside City Cebu last June 2 to 5, 2017. The construction show featured the product solutions, innovations and expertise that meet the current and future demands of the industry in the region.



▲ Wilcon Depot participated in the 14th Philippine Building and Construction Expo Cebu, which is proposed to be one of the largest and most complete construction show organized in the South last September 14-17, 2017 held at SM City Cebu Trade Hall.



▲ Wilcon Depot celebrated its 40th anniversary in the construction supply industry by giving back to customers as they launched Wilcon 40 Years Raffle Promo, where 40 lucky customers won P40,000 worth of Wilcon e-GCs!

INITIAL PUBLIC OFFERING



The highlight of Wilcon Depot's 2017 is the listing of its common shares on the Philippine Stock Exchange on March 31. Wilcon floated 1,393,906,200 shares representing 34% of its total common shares at ₱5.05 per share. Wilcon's share price rose steadily throughout the year hitting a high of ₱9.70 per share on September 2017. It closed the year at ₱8.28 per share, 64% higher than the IPO price.



MONITORING DECISION ENVIRONMENT
SYSTEM MARKET OBJECTIVE
CORPORATE
GOVERNANCE
MANUAL
(REVISED)



I. OBJECTIVE AND COMMITMENT

WILCON DEPOT, INC. (the Company) understands that it is paramount to set the kind of corporate governance needed in the attainment of the Company's corporate goals.

The **Corporate Governance Manual** (the Manual) was designed to define the framework of rules, systems and processes that governs the performance of the Board of Directors (the Board) and Management. It establishes the structure by which the Company executes and carries out its Corporate Governance. This serves as reference by all the members of the Board as well as its Management in the conduct of their duties and responsibilities.

The Board of Directors (the "Board") and Management, employees and shareholders, believe that good governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization.

II. DEFINITION OF TERMS

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

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

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

b. Board of Director - the governing body elected by the stockholders that exercise the corporate powers of the Corporation, conducts all its business and controls its properties.

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

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

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

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

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

h. Non-Audit Work - the other services offered by an external auditor to the Corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll,

bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor.

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

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

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

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

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

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

o. Stakeholder - 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.

III. THE BOARD'S GOVERNANCE RESPONSIBILITIES

A. Establishing a Competent Board

Compliance with the principles of good corporate governance shall start with the Board. It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a

manner consistent with its corporate objective and the best interests of its stockholders and other stakeholders. To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions, and responsibilities. Its Board charter shall be publicly available and posted on the Company website.

B. Composition

The Board shall be composed of seven (7) directors who shall be elected by the Corporation's stockholders annually, and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the Corporation's By-Laws. The Board shall be composed of directors with collective working knowledge, experience or expertise that is relevant to the Company's industry or sector. The Board shall 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.

The Board shall 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. Training

The Corporation shall provide a comprehensive 8-hour orientation program for new directors and an annual 4-hour continuing training for existing directors, including an understanding of the contributions that the director is expected to make, an explanation of the Board and its committees, and an explanation of the Corporation's business, including corporate governance and other matters that will assist them in discharging their duties.

The Corporation shall also provide general access to training courses to its directors as a matter of continuous professional education as well as to maintain and enhance their skills as directors, and keep them updated in their knowledge and understanding of the Corporation's business.

D. Board Diversity

A diverse Board better understands its customer base and the environment that the business operates in. This promotes different perspectives and ideas and mitigates groupthink to achieve optimal decision-making. Board diversity may refer to distinctions in age, ethnicity, culture, skills, competence, knowledge, gender, among other things.

The Company is committed to the following principles:

- a. Recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in the attainment of its strategic objectives and maintaining a prudent corporate governance.

b. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge, and candidates will be considered against objective criteria, which the Board as a whole requires to be effective.

E. Corporate Secretary

The Board is assisted by the Corporate Secretary, who is an officer of the Corporation and separate from the Compliance Officer. The Corporate Secretary shall not be a member of the Board of Directors and shall annually attend a training on corporate governance. He is primarily responsible to the Corporation and its shareholders, and not to the Chairman or President of the Company. His loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.

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

The Corporate Secretary shall have the following duties and responsibilities:

a. Assist the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of Board and Committee meetings and the annual board calendar and assisting the Chairs of the Board and its

Committees to set agendas for those meetings;

b. Safely 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;

c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advises the Board and Chairman on all relevant issues as they arise;

d. 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;

e. Advises on the establishment of Board Committees and their terms of reference;

f. 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;

g. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;

- h. Performs required administrative functions;
- i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- j. Performs such other duties and responsibilities as may be provided by the SEC.

F. Compliance Officer

To ensure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall hold the position of at least a Senior Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board. The Compliance Officer shall not be a member of the Board of Directors and shall annually attend a training on corporate governance. He is primarily liable to the Corporation and its shareholders, and not to the Chairman or President of the Company.

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

The Compliance Officer is a member of the company's management team in charge of the compliance function.

The Compliance Officer shall have the following duties and responsibilities:

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

- b. Monitors, reviews, evaluates and ensures the compliance by the Corporation, its officers and directors with the relevant laws, this Manual, rules and regulations and all governance issuances of regulatory agencies;

- c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;

- d. Ensures the integrity and accuracy of all documentary submissions to regulators;

- e. Appears before the SEC when summoned in relation to compliance with this Manual;

- f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;

- g. Identifies possible areas of compliance issues and works towards the resolution of the same;

- h. Ensures the attendance of Board members and key officers to relevant trainings; and

- i. Performs such other duties and responsibilities as may be provided by the SEC.

IV. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

A. The Board

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

shareholders and other stakeholders. This should be headed by a competent and qualified Chairman.

The Board shall oversee the development of and approve the Company's business objective and strategy, and monitor their implementation, in order to sustain the Company's long term viability and strength

The Board Members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders. To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders.

The Board shall have, among others, the following duties and responsibilities:

- a. The Board shall responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include adopting a policy on the retirement age of directors and key officer.
- b. The Board shall align the remuneration of key officers and Board members with the long-term interests of the Company. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations

involving his own remuneration.

- c. The Board shall disclose in this Manual a formal and transparent board nomination and election policy that shall include how it accepts nominations from minority shareholders and reviews nominated candidates. This policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors shall be aligned with the strategic direction of the Company.
- d. The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions.
- e. The Board shall 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).

- f. The board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.
- g. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall also approved the Internal Audit Charter.
- h. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposure, as well as the effectiveness of risk management strategies.
- i. The Board shall have a Board Charter that formalizes and

clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the Company website

- j. Other duties and responsibilities as may be assigned by the SEC.

B. Chairman of the Board

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

- a. Ensures that the meetings of the Board are held in accordance with the Corporation's By-Laws;
- b. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- c. Guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;
- d. Facilitates discussion on key issues by fostering an environment conducive for constructive debate

and leveraging on the skills and expertise of individual directors;

e. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

f. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;

g. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on; and

h. Maintains qualitative and timely lines of communication and information between the Board and Management.

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

C. Nomination and Election of Board of Directors

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

directors shall be qualified to be nominated as a director.

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

The Corporate Governance Committee meets, pre-screens and checks the qualifications of, and deliberates on all persons nominated to be elected to the Board of Directors from the pool of candidates submitted by the nominating stockholders. The Corporate Governance Committee shall prepare a Final List of Candidates after considering the qualifications and disqualifications set forth in the succeeding sections. Said list shall contain all the information about these nominees. Only nominees qualified by the Corporate Governance Committee and whose names appear on the Final List of Candidates shall be eligible for election as independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared.

Based on the Final List of Candidates, directors are elected by shareholders individually. The vote required for the election of directors is majority of the outstanding capital stock. The election of Directors shall be by ballot and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as Directors, or he may cumulate or give to one candidates as many votes as the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that

the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected.

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

D. Qualifications of a Director

A director of the Corporation must possess the following qualifications:

- a. Ownership of at least one (1) share of stock of the Corporation;
- b. At least twenty-one (21) years of age.
- c. At least a college graduate or have sufficient experience managing the business to substitute for such formal education;
- d. Proven to possess integrity, probity and assiduousness;
- e. Proven to possess the appropriate level of skill and experience in line with the strategic plans and goals of the Corporation; and
- f. which may be provided by the Board, such as practical understanding of the Corporation's business, previous business experience, or membership in good standing in relevant industry, business or professional organization.

E. Permanent Disqualification

The following may be considered as grounds for the permanent disqualification of a director:

- a. Any person convicted by final judgment or order by a competent judicial or administrative body of 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) arise out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the 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 continuity any conduct or practice in any of the capacities mentioned in sub-paragraph (a) and (b) above or willfully violating the laws that

govern securities and banking activities.

The disqualification shall also apply if (a) such person is 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 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 an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.

c. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

d. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counselled, induced or procured the violation of any

provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;

e. Any person judicially declared as insolvent;

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

g. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;

h. No person shall qualify or be eligible for nomination or election to the board if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

i. If he is the owner (either of record or as beneficial owner) of 5% or more of any outstanding class of share of, any corporation (other than one in which the Corporation owns at least 20% of the capital stock) which is engaged in the business directly competitive to that of the Corporation or any of its subsidiaries or affiliates;

g. If he is an officer, manager, or controlling person of, or the owner or any member of his immediate family is the owner (either of record or as beneficial owner) of 5% or more of any outstanding class of shares of any corporation (other than one in which the Corporation owns at least 20% of the capital stock) which is an adverse party in any suit, action or proceeding (of whatever nature, whether civil, criminal, administrative, or judicial) by or against the Corporation, which has been actually filed or threatened, imminent or probably, to be filed;

h. If he determined by the Board, in the exercise of its judgment in good faith, to be the nominee, officer, trustee, adviser or legal counsel, of any individual set forth in (i) or (ii) hereof; and

i. Other grounds as the SEC may provide.

F. Temporary Disqualification

In addition, the following may be grounds for temporary disqualification of incumbent directors:

a. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;

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

c. 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

d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Temporary disqualification shall be at the discretion of the Board and shall require a resolution of the majority of the Board. A director shall have sixty (60) days upon occurrence of any ground for temporary disqualification to remedy or correct the same otherwise, the disqualification shall become permanent.

G. Meetings of the Board

Members of the Board shall attend regular and special meetings of the Board in person or via teleconference or videoconference or by any other technological means allowed by the Commission.

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 requirements if he is duly notified of the meeting but notwithstanding such notice fails to attend.

The Board of Directors shall meet at least quarterly. Board meetings shall be scheduled in advance before the start of the year.

Items to be discussed during the board meeting shall be made available to each director at least seven (7) days in advance. In emergency circumstance, however, the meeting may be called at a shorter notice.

H. Compensation of Directors

Directors shall not receive any compensation unless approved by the stockholders or provided in the Corporation's By-Laws. No director shall participate in the approval of his compensation. However, the Board may, from time to time, approve a reasonable per diem that a director may receive for attendance in Board and Board Committee meetings.

V. ESTABLISHING BOARD COMMITTEES

To address specific tasks and responsibilities and ensure optimal performance of the Board, the Board shall adopt seven (7) committees, namely the Executive Committee, the Corporate Governance Committee, the Audit Committee, the Board Risk Oversight Committee, Related Party Transactions Committee, Nomination Committee and the Compensation Committee. The

members of the Committees shall be appointed by the Board annually.

All established committees shall be required to have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters shall provide the standards for evaluating the performance of the Committees. Committee Charters shall be publicly available and posted on the Company website.

A. The Executive Committee

The Executive Committee shall be composed of five (5) members of which the Chairman of the Board shall act as ex-officio Chairman, and the President shall act as ex-officio Vice Chairman, and three (3) other members to be elected/designated by the Board.

The Executive Committee's primary purpose is to function when the Board is not in session. The Committee shall have all the power and authority of the Board in the governance, management and direction of the business and affairs of the Company except for those matters expressly provided for in Section 35 of the Corporation Code, the Company's By-Laws and other pertinent laws, rules or regulations.

The Executive Committee shall have the following duties and responsibilities:

- a. Assist the Board in overseeing the implementation of strategies and sustaining the Corporation's long-term success and competitiveness in a manner consistent with its mission/vision;

- b. Review of major issues facing the organization;
- c. Review and approve Company-wide credit sales strategy, profile and performance.
- d. Monitoring of the operating activities of each business group;
- e. Defining and monitoring the Company's performance improvement goals;
- f. Defining group-wide policies and actions and overseeing their implementation;
- g. Fostering the sharing of information in all areas of the business group;
- h. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board; and
- i. Other duties and responsibilities are provided in the Executive Committee Charter.

An act of the Executive Committee which is within the scope of its power shall not require ratification or approval for its validity and effectivity. All actions of the Executive Committee shall be reported to the Board at the meeting thereof following such action and shall be subject to revision or alteration by the Board.

B. The Audit Committee

The Audit Committee's primary function is to enhance the Board's oversight capability over the Company's financial reporting, internal control system, internal

and external audit processes and compliance with applicable laws and regulations. It shall be composed of at least three (3) appropriately qualified non-executive members of the Board, the majority of whom, including the Chairman of the Board, shall be independent. The Chairman shall not be the Chairman of the Board and of other Board Committees. Each member shall have adequate understanding at least competence at most of the Corporation's financial management systems and environment particularly, in the areas of accounting, audit and finance. In accordance with this, the members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board.

The Audit Committee shall have the following duties and responsibilities:

- a. Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plane as well as oversees the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a s system of checks and balances shall be in place in order to (a) safeguard the Company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability

of the Company's financial data, and (d) ensure compliance with applicable laws and regulations;

c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an Internal Audit head or Chief Audit Executive (CAE). The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;

d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfil his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;

e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;

f. Ensures there is an established process on the appointment, reappointment, removal, and fees of the External Auditor;

g. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

h. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to

the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report;

i. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters;

i. Any change/s in accounting policies and practices

ii. Areas where a significant amount of judgment has been exercised

iii. Significant adjustments resulting from the audit

iv. Going concern assumptions

v. Compliance with accounting standards

vi. Compliance with tax, legal and regulatory requirements

j. Reviews the disposition of the recommendations in the External Auditor's management letter;

k. Performs oversight functions over the Corporation's Internal and External Auditors. It ensures the

independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

l. Coordinates, monitors and facilitates compliance with laws, rules and regulations;

m. Recommends to the Board the appointment, reappointment, removal and fess of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders;

n. Meets with the Board at least every quarter without the presence of the CEO or other Management team members, and periodically meets with CAE;

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

p. Other duties and responsibilities are provided in the Audit Committee Charter.

C. The Corporate Governance Committee

The Corporate Governance Committee shall be composed at least three (3) members, all of whom shall be

independent directors, including the Chairman. In accordance with this, the members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board. Each members shall have adequate and competent understanding of corporate governance principles and practices, in addition to thorough knowledge of the Company's business and industry in which it operates. The Committee is tasked to assist the Board in the performance of its corporate governance responsibilities, including functions that were formerly assigned to the Nomination and Remuneration Committees.

The Corporate Governance Committee shall have the following duties and responsibilities:

a. 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;

b. 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;

c. 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;

d. Recommends continuing education/training programs for directors, assignment of tasks/projects to Board Committees, succession planning for the Board members and Senior Officer, and remuneration packages for corporate and individual performance;

e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

f. Proposes and plans relevant training for the members of the Board;

g. 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;

h. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates;

i. performs other duties and responsibilities as the Committee may deem appropriate within scope of its primary functions or as may be assigned by the Board; and

j. Other duties and responsibilities are provided in the Corporate Governance Committee Charter.

D. The Board Risk Oversight Committee

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

The Board Risk Oversight Committee shall have the following duties and responsibilities:

a. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risk, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risk and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, processes and measures;

b. 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 risk;

c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, look for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;

d. Advise the Board its risk appetite levels and risk tolerance limits;

e. 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;

f. 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;

g. 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;

h. Reports to the Board on the 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; and

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

j. Other duties and responsibilities are provided in the Board Risk Oversight Committee Charter.

E. The Related Party Transactions Committee

The Related Party Transactions Committee shall have the primary function of reviewing all material related party transactions (RPT). It shall be composed of at least three (3) non-executive directors, the majority of whom, including the Chairman, shall be independent. In accordance with this, the members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board. Each member shall

have adequate and competent knowledge of the Company's business and industry in which it operates.

The Related Party Transactions Committee shall have the following duties and responsibilities:

a. 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 shall be reflected in the relevant reports to the Board and regulators/supervisor;

b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic term (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:

i. The related party's relationship to the

Company and interest in the transaction;

ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;

iii. The benefits to the corporation of the proposed RPT;

iv. The availability of other sources of comparable products or services; and

v. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;

c. Ensures that appropriate disclosure is made, and/or information is to provide to regulating and supervising authorities relating to the Company's RPT exposure, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, d conflicts that could arise as a result of the Company's

affiliation or transactions with other related parties;

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

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

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

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

h. Other duties and responsibilities are provided in the Related Party Transactions Committee Charter.

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

All related party transactions which are considered usual course of business as stated in the Related Party Transactions policy, regardless of amount, which are substantially the same terms as those prevailing at the time for comparable products or services with unrelated parties are exempted from review of the Related

Party Transactions Committee. However, all RPTs which are not in the usual course of business which are equal or greater than the materiality threshold of Php 100 Million, shall be subject for review by the Related Party Transactions Committee. The RPT Committee may, at any time ask for a review of any of the transactions. The Board of Directors reviews and approves all material RPTs endorsed by the Related Party Transactions Committee. All Board-approved material RPTs may be subject to ratification by vote of the majority of the minority shareholders.

F. Nomination Committee

The Nomination Committee shall assist the Board in fulfilling its corporate governance and compliance responsibilities. The Committee shall be composed of at least three members, all of whom should be independent directors, including the Chairman. It shall promulgate the guidelines and criteria to govern the conduct of the nomination. The same shall be properly disclosed. The Nomination Committee shall meet at least two times a year.

The Nomination Committee shall have the following duties and responsibilities:

- a. It shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors;
- b. Exercise such powers and functions provided for in the Company's By-laws and applicable regulations of the Securities and Exchange Commission; and

- c. Other duties and responsibilities are provided in the Nomination Committee Charter.

G. Remuneration and Compensation Committee

The Remuneration Compensation Committee shall be composed of at least three members, all of whom should be independent directors, including the Chairman.

The Compensation Committee shall have the following powers and functions:

- a. Ensure that the compensation policies and practices are consistent with the corporate culture, strategy and business environment under which the Company operates
- b. Recommend a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable the directors and officers to run the Company;
- c. Evaluate and recommend to the Board incentives and other equity-based plans designed to attract and retain qualified and competent individuals.
- d. Exercise such powers and functions provided for in the Company's By-laws and applicable regulations of the Securities and Exchange Commission; and
- e. Other duties and responsibilities are provided in the Compensation Committee Charter.

VI. FOSTERING COMMITMENT

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

The directors shall have the responsibility to attend and actively participate in all meetings of the Board, Committees, and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

A. Multiple Board Seats

A director shall exercise due discretion in accepting and holding directorships outside of the Corporation. The director shall notify the Board where he/she is an incumbent before accepting a directorship in another company.

Non-executive and independent directors may hold a maximum of (5) board seats in publicly-listed companies simultaneously. The other executive directors shall submit themselves to a maximum limit of two (2) board seats in corporate Board of other publicly-listed companies. In any case, the capacity of directors to serve

with diligence shall not be compromised.

VII. Reinforcing Board Independence

The Board shall endeavor to exercise an objective and independent judgment on all corporate affairs.

The Board shall have at least three independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.

A. Independent Directors

An independent director of the Corporation must possess all the qualifications and none of the disqualifications of a regular director. He must be independent of Management, substantial shareholdings and material relations, whether it be business or otherwise, which could reasonably be perceived to impede the performance of independent judgment.

An Independent Director refer to a person who ideally:

- a. Is not or has not been a senior officer or employee of the covered Company unless there has been a change in the controlling ownership of the Company;
- b. Is not, and has not been in the three years immediately preceding the election, a director of the covered Company; a director, officer, employee of the covered Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered Company's substantial

shareholders and its related companies;

c. Has not been appointed in the covered entity, its subsidiaries, associates, affiliates or related companies as Chairman “Emeritus”, “Ex-Officio” Directors/Officers or Members of Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding the his election;

d. Is not an Owner of more than two percent (2%) of the outstanding shares of the covered Company, its subsidiaries, associates, affiliates or related companies;

e. Is not a relative of a director, officer, or substantial shareholders of the covered Company, its subsidiaries, associates, affiliates or related companies or of any of its substantial shareholders. For its purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

f. Is not acting as a nominee are representative of any director of the covered Company or any of its related companies;

g. Is not a securities broker-dealer of listed companies and registered issuers of securities. “securities broker-dealer” refers to any person holding any office of trust and

responsibility in a broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer;

h. Is not retained, either in his personal capacity or through a firm, as professional adviser, auditor, consultant, agent or counsel of the covered Company, any of its related companies or substantial shareholders, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is partner, director or substantial shareholder, in any transaction with the covered Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

j. Is not affiliated with any non-profit organization that receives significant funding from the covered Company or any of its related companies or substantial shareholders; and

k. Is not employed as an executive officer of another company where

any of the covered Company's executives serve as directors.

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

If an independent director becomes an officer, consultant, adviser, or employee of the same Corporation, he shall be automatically disqualified from being an independent director. The Board shall *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 President are held by one person.

The Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

B. President

The positions of Chairman of the Board and President shall be held by separate individuals and each shall have clearly defined responsibilities.

Minimum internal control mechanisms for Management's operation responsibility shall center on the President, being ultimately accountable for the Corporation's organizational and

procedural controls. In addition to the duties imposed on the President by the Board, and those duties and responsibilities provided by the Corporation's By-Laws, the President shall:

- a. Determine the Corporation's strategic direction and formulate and implement its strategic plan on the direction of the business;
- b. Communicate and implement the Corporation's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
- c. Oversee the operations of the Corporation and manage human and financial resources in accordance with the strategic plan;
- d. Have a good working knowledge of the Corporation's industry and market and keep up-to-date with its core business purpose;
- e. Direct, evaluate and guide the work of the key officers of the Corporation;
- f. Manage the Corporation's resources prudently and ensure a proper balance of the same;
- g. Provide the Board with timely information and interface between the Board and the employees;
- h. Build the corporate culture and motivate the employees of the Corporation;

- i. Serve as the link between internal operations and external stakeholders;

- j. See that all orders and resolutions of the Board are carried into effect;

- k. 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 Corporation for the preceding year, and the state of its affairs;

- l. Report to the Board from time to time all matters within his knowledge which in the interest of the Corporation may require to be brought to the Board's notice; and

- m. Perform such other responsibilities as the Board may impose.

C. Lead Director

The Board shall designate 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 President are held by one person. The primary responsibility of the lead independent director is to provide leadership to the independent directors and advise the Board on matters where there may be an actual or perceived conflict of interest.

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

- a. Serves as an intermediary between the Chairman and the other directors when necessary;

- b. Convenes and chairs meetings of the non-executive directors; and
- c. Contributes to the performance evaluation of the Chairman, as required.

A director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same.

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

VIII. ASSESSING BOARD PERFORMANCE

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

A. Board Evaluation

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment shall be supported by an external facilitator.

The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, and committees. This system shall allow for a

feedback mechanism from the shareholders. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation's Annual Report or in such form of report that is applicable to the Corporation. The adoption of this performance evaluation system must be covered by a Board approval.

During the evaluation, directors shall be afforded the opportunity to identify areas for improvement in the performance of their duties and responsibilities.

IX. STRENGTHENING BOARD ETHICS

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

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

The Board shall ensure proper and efficient implementation and monitoring of compliance with the Code of Ethics and internal policies. The Company's Code of Ethics shall be made effective and inculcated in the Company's culture through a communication and awareness campaign, continuous training to reinforce the code, strict monitoring and implementation and setting in place proper avenues where issues may be raised and addressed without fear of retribution.

X. DISCLOSURE AND TRANSPARENCY

Enhancing Company Disclosure and Procedures

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

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

The Company shall have a policy requiring all directors and officers to disclosed/report to the Company any dealings in the Company's shares within three business days.

The Board shall fully disclosed 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.

A clear disclosure of its policies and procedure shall be in place for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report.

Full disclosure of the Company's policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions shall be required in the Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year shall be

disclosed in its Annual Corporate Governance Report.

A full fair, accurate and timely disclosure shall be made to the public of every materials 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. Moreover, the Board of the offeree Company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

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

XI. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

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

External Auditor

The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal and fees of the external auditor. The

appointment, reappointment, removal and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change shall be disclosed to the regulators and the public through the Company website and required disclosures.

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

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

XII. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

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

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

XIII. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

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

XIV. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

Strengthening the Internal Control System and Enterprise Risk Management Framework

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

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

The Company shall have in place an *independent internal audit* function that

provides an independent and objective assurance, and consulting services designed to add value and improve the Company's operations.

A. Internal Audit

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

a. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control process in:

(1) promoting the right values and ethics,

(2) ensuring effective performance management and accounting in the organization,

(3) communicating risk and control information, and

(4) coordinating the activities and information among the Board, external and internal auditors, and Management;

b. Performs regulars and special audit as contained in the annual audit plan and/or based on the Company's risk assessment;

c. Performs consulting and advisory services related to governance and control as appropriate for the organization;

d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations

and other commitments, which could have a significant impact on the organization;

e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the Company;

f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;

g. Evaluates specific operations at the request of the Board or Management, as appropriate; and

h. Monitors and evaluates governance processes.

B. Chief Audit Executive (CAE)

The Chief Audit Executive (CAE), appointed by the Board, shall oversee and be responsible for the internal audit activity of the organization, including the 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 shall be assigned the responsibility for managing the fully outsourced internal audit activity.

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

a. Periodically reviews the Internal Audit Charter and presents it to Senior Management and the Audit Committee for approval;

b. Establishes a risk-based internal audit plan, including policies and

procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;

c. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit Committee for review and approval;

d. Spearheads the performance of the internal audit activity to ensure it adds value to the organization;

e. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and

f. Presents findings and recommendations to the Audit Committee and gives advice to Senior Management and the Board on how to improve internal processes.

C. Enterprise Risk Management

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

The Risk Management function involves the following activities, among others:

a. Defining a risk management strategy;

b. Identifying and analyzing key risk exposures relating to

economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objective;

c. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;

d. Establishing a risk register with clear define, prioritized and residual risk;

e. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;

f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operation, financial and reputation risk), control issues and risk mitigation plan to the Board Risk Oversight Committee; and

g. Monitoring and evaluating the effectiveness of the organization's risk management processes.

D. Chief Risk Officer (CRO)

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 responsibilities, subject to a company's size, risk profile and complexity of operations. The CRO has the following functions, among others:

a. Supervises the entire ERM process and spearheads the

development, implementation, maintenance and continuous improvement of ERM processes and documentation;

b. Communicate the top risks and the status of the implementation of risk management strategies and action plans to the Board Risk Oversight Committee;

c. Collaborates with the President in updating and making recommendations to the Board Risk Oversight Committee;

d. Suggests ERM policies and related guidance, as may be needed; and

e. Provides insight on the following:

- i. Risk management processes are performing as intended;
- ii. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
- iii. Established risk policies and procedures are being complied with.

XV. CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

Promoting Shareholder Rights

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

It shall be the duty of the directors to promote shareholder rights, remove

impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. 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 persons. The directors shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.

In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.

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

The Board shall commit to respect the following rights of the stockholders:

A. Voting Rights

a. Stockholders shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

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

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

B. Pre-emptive Right

The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

The articles of incorporation of the Company deny the pre-emptive rights of its shareholders to subscribe to any or all dispositions of any class of shares.

C. Right of Inspection

a. All shareholders shall be provided, upon request, with periodic reports which disclose relevant personal and professional information about the directors and officers and certain other matters, such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.

b. The minority 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, and in accordance with law, jurisprudence and the best practice.

c. The minority shareholders shall have access to any and all information relating to matters for which the Management is accountable, and to those relating to matters for which the Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purpose", and in accordance with law, jurisprudence and best practice.

D. Right to Dividends

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

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

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

ii. When the Corporation is prohibited under any loan agreement with any

financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or

- iii. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

E. Appraisal Right

a. The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- i. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any 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.

- iv. Investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

It shall be the duty of the directors to promote shareholder' rights, remove impediments to the exercise of shareholders' right and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholder's 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.

Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.

13.6. The Company shall establish an Investor Relations Officer (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholder's meeting.

XVI. DUTIES TO STAKEHOLDERS

Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights

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

The Board shall identify the Company's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability.

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

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

XVII. ENCOURAGING EMPLOYEES' PARTICIPATION

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

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

The Board shall set the tone and make a stand against corrupt practices by adopting

an anti-corruption policy and program in its Code of Ethics. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the Company's culture.

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

XVIII. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

16.1. The Company shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates.

XIX. MONITORING ASSESSMENT

This Manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days. The Chief Compliance

Officer shall establish an evaluation system to determine and measure compliance with this Manual and the SEC Revised Code of Corporate Governance.

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

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

This Manual shall be subject to annual review unless the same frequency is amended by the Board.

If necessary, funds shall be allocated by the Corporation for the purpose of conducting an orientation program or workshop to operationalize this Manual.

XX. PENALTIES FOR NON-COMPLIANCE

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

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

A. For the Company

A fine of not more than Two Hundred Thousand Pesos (P200,000) shall, after due notice and hearing, be imposed by the Securities and Exchange Commission for every year that the Company violates the provisions of the Revised Code of Corporate Governance, without prejudice to other sanctions that the SEC may be authorized to impose under the law, provided, however, that any violation of the Securities and Regulation Code punishable by a specific penalty shall be assessed separately and shall not be covered by the abovementioned fine.

B. For the Concerned Personnel/Unit

The Chief Compliance Officer shall be responsible for determining violation/s of any of the provisions of this Manual, through notice and hearing, and shall recommend to the Chairman of the Board, through the Corporate Governance and Compliance Committee, the imposable penalty for approval.

a. First violation – the subject person shall be reprimanded.

b. Second violation – suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation.

c. Third violation – the maximum penalty of removal from office shall be imposed. With regard to directors, the provision of Section 28 of the Corporation Code shall be observed.

XXI. EFFECTIVITY

The Revised Manual was approved by the Board on 22 May 2017 and shall take effect immediately. It supersedes the previous Manual on Corporation Governance that was approved and adopted by the Corporation.

AUDITED FINANCIAL STATEMENTS

