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

ATTY. DAISY L. PARKER

(Contact Person)

884-1106

(Company Telephone Number)

REVISED MANUAL ON CORPORATE GOVERNANCE

1	2	3	1
Month	Day	Month	Day
(Fiscal Year)			

(Form Type)						

Month	Day	Month	Day
(Annual Meeting)			

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number															

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STAMPS

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ZEUS HOLDINGS, INC.

20/F LKG Tower, 6801 Ayala Ave., 1226 Makati City
Tel No. (632) 884-1106; Fax No. (632) 884-1109

30 July 2014

SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila

Attention : **ATTY. JUSTINA F. CALLANGAN**
Director
Corporation Finance Department

Re : Revised Manual on Corporate Governance

Gentlemen,

In compliance with SEC Memorandum Circular No. 9, Series of 2014, we submit herewith the *Revised Manual on Corporate Governance* (the "Manual") of Zeus Holdings, Inc. ("ZHI"), incorporating the mandatory provisions of the Revised Code of Corporate Governance (the "Code"), including the recent amendments thereto prescribed by the said Memorandum Circular.

Consistent with its policy of full compliance with existing laws and regulations, ZHI will continue to take measures to ensure complete observance of the Code.

Very truly yours,



DAISY L. PARKER / ALVIN T. PAGAYATAN
Corporate Secretary Asst. Corporate Secretary

ZEUS HOLDINGS, INC.

REVISED MANUAL ON CORPORATE GOVERNANCE (2014)

The Board of Directors and Management, i. e. officers and staff, of **Zeus Holdings, Inc.** (the "Corporation") hereby commit themselves to the principles and best practices contained in this Revised Manual, and acknowledge that the same shall guide the attainment of our corporate goals.

1. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

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

2. COMPLIANCE SYSTEM

2.1 Compliance Officer

2.1.1 Designation of Compliance Officer

To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

2.1.2 Duties of the Compliance Officer

He shall perform the following duties:

- Monitor compliance with the provisions and requirements of the Code of Corporate Governance (the "Code") and the rules and regulations of regulatory agencies and this Manual;
- Appear before the Securities and Exchange Commission (the "Commission") upon summons on similar matters in relation to compliance with the Code and this Manual;

- Determine and report violation/s of this Manual to the Board and recommend imposition of appropriate disciplinary action/penalty for said violation/s for further review and approval of the Board;
- Recommend adoption of measures to prevent repetition of violations of this Manual;
- Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed calendar year, explaining the reason/s of the latter's deviation from the same, if any; and
- Identify, monitor and control compliance risks.

2.1.3 Disclosure of Appointment to the Securities and Exchange Commission

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

2.2 Plan of Compliance

2.2.1 Board of Directors

The Board of Directors shall be primarily responsible for the governance of the Corporation. Corollary to setting the policies for accomplishment of corporate objectives, it shall provide an independent check on Management.

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

2.2.1.1 General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

2.2.1.2 Composition of the Board

The Board shall be composed of nine (9) members in accordance with the Corporation's Articles of Incorporation.

The Corporation shall have at least two (2) independent directors or such number of independent directors equivalent to twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

2.2.1.3 Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold. The optimum number of directorships should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

2.2.1.4 Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer ("CEO") should as much as practicable be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and CEO in accordance with the provisions of this Manual, the Corporation's By-laws and the Corporation Code ("CC").

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

The duties and responsibilities of the Chairman in relation to the Board may include, among others, the following:

- (i) Ensure that the meetings of the Board are held in accordance with the By-Laws of the Corporation;
- (ii) Supervise the preparation of the agenda of the meetings in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
- (iii) Maintain qualitative and timely lines of communications and information between the Board and Management.

2.2.1.5 Qualifications of Directors

A director must have the following qualifications:

- Holder of at least one (1) share of stock of the Corporation;

- At least a college graduate or an equivalent academic degree;
- Has practical understanding of the business of the Corporation or relevant business experience;
- At least twenty one (21) years old;
- Possesses integrity and probity; and
- Assiduous.

2.2.1.6 Disqualifications of Directors

1. Permanent Disqualification

The following shall be grounds for permanent disqualification of a director:

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

The disqualification shall also apply if such person is currently the subject of an order of the Commission or of any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the CC, SRC or any other law administered by the Commission or Bangko Sentral ng Pilipinas ("BSP"), or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership,

participation or association with a member or participant of the organization;

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iv) Any person who has been adjudged by final judgment or order of the Commission, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the CC, SRC, or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
- (v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;
- (vi) Any person judicially declared to be insolvent;
- (vii) 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 listed in the subparagraphs (i) to (v); and
- (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the CC, committed within five (5) years prior to the date of his election or appointment.

2. Temporary Disqualification

The following shall be grounds for the temporary disqualification of a director:

- (i) Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- (ii) Absence or non-participation in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;
- (iii) Dismissal/termination for cause as director in any corporation covered by the Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;

- (iv) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. This disqualification shall be lifted if the limit is later complied with; and
- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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

2.2.1.7 Responsibilities, Duties and Functions of the Board

1. General Responsibility

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

The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

2. Duties and Functions

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

- a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management;
- b) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including business plans, operating budgets and Management's overall performance;
- c) Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the

Corporation. If feasible, the Corporation's CEO or Chief Financial Officer ("CFO") shall exercise oversight responsibility over this program;

- e) Identify the stakeholders in the community in which the Corporation operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communications with them;
- f) Adopt a system of checks and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness;
- g) Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;
- h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation, subsidiaries, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships by members of the Board;
- i) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its responsibilities and duties;
- j) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including regulatory authorities;
- k) Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;
- l) Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations; and
- m) Appoint a Compliance Officer who shall have the rank of at least Vice-President. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

2.2.1.8 Specific Duties and Responsibilities of a Director

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

A director shall observe the following norms of conduct:

1. **Conduct fair business transactions with the Corporation and ensure that personal interests do not conflict with the interests of the Corporation.**

A director should not use his position to profit or gain some benefit or advantage for himself or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should consider resigning from his position.

A conflict of interest is considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

2. **Devote time and attention necessary to properly discharge his duties and responsibilities.**

- A director should devote sufficient time to familiarize himself with the Corporation's business. He should be aware and knowledgeable of the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

3. **Act judiciously.**

- A director should carefully evaluate the issues before deciding on any matter, and if necessary, to make inquiries and request clarification.

4. **Exercise independent judgment.**

- A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position.

5. **Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements**

of the Commission, and where applicable, the requirements of other regulatory agencies.

A director should also keep abreast with industry development and business trends to promote the Corporation's competitiveness.

6. Observe confidentiality.

- A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position. He should not reveal confidential information to unauthorized persons without the authority of the Board.

2.2.1.9 Internal Control Responsibilities of the Board

The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:

- Definition of duties and responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;
- Selection of person who possesses the ability, integrity and expertise essential for the position of CEO;
- Evaluation of proposed senior management appointments;
- Selection and appointment of qualified and competent management officers; and
- Review of the Corporation's human resources policies, conflict of interest situations, compensation program for employees and management succession plan.

2.2.1.10 Board Meetings and Quorum Requirement

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors should always attend Board meetings. Unless otherwise provided in the By-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

To monitor the directors' compliance with the attendance requirements, the Corporation, through its Corporate Secretary, shall submit to the Commission, on or before January 30 of each year, a sworn certification about the directors' record of attendance in Board meetings held the

previous year. This certification may be submitted through SEC Form 17-C or in a separate filing.

2.2.1.11 Remuneration of Directors and Officers

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers.

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

2.2.2 Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute committees.

2.2.2.1 Nomination Committee

The Board shall create a Nomination Committee composed of at least three (3) voting directors (one of whom must be independent) as members.

2.2.2.1.1 Pre-screening and Shortlisting of Candidates to the Board

It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications for directors.

2.2.2.1.2 Guidelines on the Number of Directorships of a Board Member

The Nomination Committee shall consider the following guidelines on the number of directorships of each member of the Board:

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

The optimum number of directorships held by a director shall be related to the capacity of a director to perform his duties diligently in general.

2.2.2.1.3 Low Indicative Limit on Membership of CEO and Other Executive Directors

The CEO and other executive directors may submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit may apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

2.2.2.1.4 Pre-screening and Shortlisting of Nominees to Positions Requiring Board Appointment

The Nomination Committee shall pre-screen and shortlist all nominees to positions requiring appointment by the Board. Pursuant thereto, the Nomination Committee may consult with the Head of the Human Resources Department (HRD) of the Corporation to determine the qualifications of the nominees.

2.2.2.2 Compensation and Remuneration Committee

2.2.2.2.1 Composition

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

2.2.2.2.2 Duties and Responsibilities

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.
- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which includes, among others, a declaration under the penalty of perjury of all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
- Disallow any director to decide his or her own remuneration.

- Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
- Review of the existing Human Resources Development or Personnel Handbook/Manual, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

2.2.2.3 Audit Committee

2.2.2.3.1 Composition

The Audit Committee shall have three (3) members, all of whom who shall preferably have accounting and finance backgrounds, one (1) of whom shall be an independent director and another with audit experience. The Chair of the Audit Committee should be an independent director. Each member must have a working knowledge and understanding of the Corporation's financial management systems and environment.

2.2.2.3.2 Duties and Responsibilities

- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- Perform oversight functions over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
- Perform oversight functions over the Corporation's internal and external auditors. The Committee shall ensure that internal and external auditors act independently of each other and are given unrestricted access to all the Corporation's records, properties, personnel to enable them to perform their audit functions;
- Review the annual audit plan to ensure conformity with the objectives of the Corporation. The plan should include the scope, resources, and budget necessary to implement it;
- Prior to commencement of audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure coordination if more than one audit firm is involved in the activity;

- Organize an internal audit department, and consider the appointment of an independent internal auditor and terms and conditions of its engagement and removal;
- Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change in accounting policies and practices
 - Major judgment areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work which may conflict with the duties of the external auditor; and
- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

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

2.2.3 The Corporate Secretary

2.2.3.1 General Responsibility

The Corporate Secretary is an officer of the Corporation and utmost competence is expected of him. Likewise, he must perform his functions in accordance with the mission, vision and specific business objectives of the corporate entity.

2.2.3.2 Citizenship Requirement

The Corporate Secretary shall be a Filipino citizen.

2.2.3.3 Required Skills

Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.

2.2.3.4 Duties and Responsibilities

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees as well as official records of the Corporation;
- Be loyal to the mission, vision, and objectives of the Corporation;
- Work fairly and objectively with the Board, Management, stockholders, and other stakeholders;
- Have a working knowledge of the operations of the Corporation;
- As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so, and maintain records of the meetings;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the Code; and

2.2.4 External Auditor

2.2.4.1 Purpose and Responsibilities

An external auditor shall confirm an environment of good corporate governance as reflected in the financial records and reports of the Corporation. An external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

2.2.4.2 Resignation, Dismissal or Cessation from Service

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

2.2.4.3 Conflict of Interest

The external auditor of the Corporation shall not at the same time provide services as an internal auditor to the Corporation. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.

2.2.4.4 Rotation

The Corporation's external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation should be changed with the same frequency.

2.2.4.5 Incorrect or Incomplete Corporate Reports

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

2.2.5 Internal Auditor

2.2.5.1 Purpose and Responsibilities

The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors (which may be a department, division, team of consultants or other practitioners) through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

The Internal Auditor shall submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and

Management. The Internal Auditor shall certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

2.2.5.2 Reporting Requirement

The Internal Auditor shall report to the Audit Committee.

2.2.5.3 Minimum Internal Control Mechanisms

The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.

2.2.5.4 Factors in Determining Scope and Particulars of System of Effective Organizational and Procedural Controls

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

2.2.6 Adequate and Timely Information

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

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

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

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

2.2.7 Accountability and Audit

- A) The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

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

- (i) The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders should be maintained;
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
- (iv) The Corporation should consistently comply with the financial reporting requirements of the Commission;
- (v) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to

the Board and Management the reasons why he has not fully complied with the said standards.

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

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before his submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

3. COMMUNICATION PROCESS

3.1 Availability of the Manual for Inspection

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

3.2 Dissemination of Manual

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

3.3 Printed Copies

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

4. TRAINING PROCESS

4.1 Allocation of Funds

If necessary, funds shall be allocated by the Chief Financial Officer (CFO) or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

4.2 Directors' Attendance in Seminar on Corporate Governance

A director shall, before assuming such position, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

5. REPORTORIAL OR DISCLOSURE SYSTEM OF THE CORPORATION'S CORPORATE GOVERNANCE POLICIES

5.1 Preparation and Submission of Reports/Disclosures

The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible committee or officer through the Corporation's Compliance Officer;

5.2 Disclosure of Material Information

The essence of corporate governance is transparency. The more transparent the internal workings of the Corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the Corporation or misappropriate its assets.

All material information, i.e., anything that could potentially adversely affect the viability of the Corporation or interests of the stockholders and other stakeholders shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, off balance sheet transactions, Board changes, related party transactions, shareholdings of directors, changes to ownership, and direct and indirect remuneration of members of the Board and Management.

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 the Commission for the interest of its stockholders and other stakeholders.

5.3 Other Disclosable Information

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

5.4 Release of Disclosed Information

All disclosed information shall be released via the approved stock exchange procedure/mechanisms and submissions to the Commission.

5.5 Board Commitment to Disclose Material Information

The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

6. SHAREHOLDERS' BENEFIT

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

6.1 INVESTORS' RIGHTS AND PROTECTION

6.1.1 Rights of Investors/Minority Interests

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

6.1.2 Voting Right

6.1.2.1 Right to Elect, Remove and Replace Directors and Vote on Certain Corporate Acts

Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the CC.

6.1.2.2 Election of Directors

Cumulative voting shall be used in the election of directors.

6.1.2.3 Removal of Director Without Cause

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

6.1.3 Pre-emptive Right

The stockholders have no pre-emptive rights, as provided in the Corporation's Articles of Incorporation (AOI). No stockholder of any common stock shall because of his/its ownership of stock shall have a right to purchase or subscribe or take any part of the stock of the Corporation whether out of the unissued authorized capital stock or any future increases

thereof unless otherwise provided in the AOI. The AOI 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.

6.1.4 Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

6.1.5 Right to Information

6.1.5.1 Periodic Reports

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

6.1.6 Right to Dividends

6.1.6.1 Receipt of Dividends

Shareholders shall have the right to receive dividends subject to the discretion of the Board and the availability of unrestricted retained earnings.

6.1.6.2 Declaration of Dividends

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

6.1.7 Appraisal Right

The shareholders shall have an 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 CC, under any of the following circumstances:

- 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;
- 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 CC; and
- In case of merger or consolidation.

6.1.8 Directors' Duty to Promote Shareholders' Rights

It shall be the duty of the directors to promote shareholders' rights, remove impediments to the exercise of shareholders' 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. The Board should take the appropriate steps to remove excessive costs and other administrative or practical impediments to shareholders' meaningful participation in meetings whether in person or by proxy. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should, as far as practicable, give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation. The Board shall determine which matters are proper for inclusion in the agenda for stockholders' meetings.

7. MONITORING AND ASSESSMENT

7.1 Regular Reporting to the Board

Each Committee shall report regularly to the Board of Directors.

7.2 Evaluation System

The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Manual.

The Board may create an internal self-rating system to measure performance of the Board and Management in accordance with the criteria set in the Manual. Such rating system must be disclosed in the Corporation's annual report.

7.3 Disclosure of Evaluation System

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

7.4 Quarterly Review of Manual

This Manual shall be subject to quarterly review unless otherwise prescribed by the Board.

7.5 Review of Inconsistent Business Processes and Practices

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

7.6 Governance Scorecard

The Corporation shall accomplish and submit annually to the Commission a scorecard on the scope, nature and extent of actions the Corporation has taken to meet the objectives of the Code and this Manual.

8. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

8.1 Penalties

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

- First Violation - Violator shall be subject to written reprimand.
- Second Violation - Suspension from office shall be imposed on such person violating the Manual. The duration of the suspension shall depend on the gravity of the violation.
- Third Violation - The maximum penalty of removal from office shall be imposed.

8.2 Commission of Third Violation by a Director

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

8.3 Responsibility of Compliance Officer to Determine Violation(s)

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

9. COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Corporation is committed to comply with the principles of good corporate governance. Pursuant thereto, the Corporation adopts this Manual and undertakes to observe the provisions of this Manual (including amendments and supplements thereto), the Code, SRC and other applicable laws, rules and regulations of the Commission and the Exchange and best corporate practices, with the objective of promoting transparency, accountability and fairness in the dealings/transactions of the Corporation.

Signed:



YUEN PO SENG
President



DAISY L. PARKER
Compliance Officer

Date: 30 July 2014