



APO PRODUCTION UNIT, INC.

# APO Production Unit

## Manual on Corporate Governance

**MANUAL ON CORPORATE GOVERNANCE  
APO PRODUCTIONS, INC.**

The Board of Trustees (the "Board") and the Officers (the "Management") of APO Productions, Inc. (the "Corporation"), hereby commit themselves to the principles and the best practices contained in this **Manual on Corporate Governance** (the "Manual"), and acknowledge that the same may guide the attainment of their corporate goals.

**1. OBJECTIVE**

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

The Board of Trustees, the Management, and employees of the Corporation believe that good corporate 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 as soon as possible.

**2. GOVERNING BOARD**

**2.1. Board of Trustees**

Compliance with the principles of good corporate governance shall start with the Board. It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

**2.1.1. Mandate and Responsibility for the Corporation's Performance**

While the day-to-day management of the affairs of the Corporation rests with Management, the Board is responsible for providing policy directions, monitoring and overseeing Management actions, as articulated in its Charter or Articles of Incorporation, and other relevant legislation, rules and regulations. These mandated functions and responsibilities include the following:

- a. Provide the corporate leadership of the Corporation subject to the rule of law, and the objectives set by the National Government through the

- Supervising Agencies and the Governance Commission for Government-owned or Controlled Corporations (the "GCG");
- b. Establish the Corporation's vision and mission, strategic objectives, policies and procedures, as well as defining the Corporation's values and standards through charter statements, strategy maps, and other control mechanism mandated by best business practices;
  - c. Determine important policies that bear on the character of the Corporation to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;
  - d. Determine the organizational structure of the Corporation, defining the duties and responsibilities of its Trustees and employees, and adopting a compensation and benefit scheme that is consistent with the GOCC Compensation and Position Classification System ("CPCS") developed by GCG and formally approved by the President of the Philippines;
  - e. Ensure that personnel selection and promotion shall be on the basis of merit and fitness and that all personnel action shall be in pursuit of the applicable laws, rules and regulations;
  - f. Provide sound written policies and strategic guidelines on the Corporation's operating budget and major capital expenditures, and prepare the annual and supplemental budgets of the Corporation;
  - g. Comply with all reportorial requirements, as required in the Charter or Articles of Incorporation and By-laws, as well as applicable laws, rules and regulations;
  - h. Formally adopt and conduct annually the mandated Performance Evaluation System and the Performance Scorecard and timely and accurate report the results to the GCG; and

#### 2.1.2. Specific Duties and Functions

In addition to those specified in its Articles of Incorporation and By-laws, the Board shall perform the following functions:

- a. Meet regularly, every third Tuesday of every month, without need of call at the office of the Corporation or at such particular place, date or hour as the board may fix, to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration, and that all such meetings shall be properly documented or minuted;
- b. Regularly determine the Corporation's purpose and value, as well as adopting strategies and policies, including risk management policies and programs, in order to ensure that the Corporation survives and thrives

- despite financial crises and that its assets and reputation are adequately protected;
- c. Monitor and evaluate on a regular basis the implementation of corporate strategies and policies, business plans and operating budgets, as well as Management's over-all performance to ensure optimum results;
  - d. Adopt a competitive selection and promotion process, a professional development program, as well as a succession plan, to ensure that the Officers of the Corporation have the necessary motivation, integrity, competence and professionalism;
  - e. Monitor and manage potential conflicts of interest of Trustees and Management, including misuse of corporate assets and abuse in related party transactions;
  - f. Implement a system of internal checks and balances, which may be applied in the first instance to the Board; and ensure that such systems are reviewed and updated on a regular basis;
  - g. Ensure the integrity of the Corporation's accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;
  - h. Identify and monitor, and provide appropriate technology and systems for the identification and monitoring of, key risks and key performance areas;
  - i. Adopt, implement and oversee the process of disclosure and communications;
  - j. Constitute an Audit Committee and such other specialized committees as may be necessary, or required by applicable regulations, to assist the Board in discharging its functions; and
  - k. Conduct and maintain the affairs of the Corporation within the scope of its authority, as prescribed in its Charter or Articles of Incorporation, By-laws, and applicable laws, rules and regulation.

### 2.1.3. Duties and Responsibilities of a Trustee

A Trustee shall have the following duties and responsibilities:

- a. Conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;
- b. Devote time and attention necessary to properly discharge his duties and responsibilities;
- c. Act judiciously;

- d. Exercise independent judgment;
- e. 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 GCG, and where applicable, the requirements of other regulatory agencies;
- f. Observe confidentiality in relation to information and documents obtained in the course of the performance of his duties; and
- g. Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

2.1.4. To enable the Board to properly fulfill their duties and responsibilities, the Management should provide Trustees with complete and timely information about the matters in the agenda of the meetings. Trustees should be given independent access to the Management and the Corporate Secretary, as well as to independent professional advice.

## 2.2. Board Officers

The Board Officers of the Corporation are the Chairman of the Board (who is the highest ranking of the Board Officers), the Vice-Chairman, the Corporate Secretary, and the Compliance Officer, who must all be Filipino citizens.

### 2.2.1. Chairman of the Board

The Chairman shall, when present, preside at all meetings of the Board. The Chairman's responsibilities may include:

- a. Calling meetings of the Board and the Members of the corporation, regular or special, to enable the Board to perform its duties and responsibilities;
- b. Approving meeting agenda in consultation with the Corporate Secretary;
- c. Exercising control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- d. Assisting in ensuring compliance with the Corporation's guidelines on corporate governance;
- e. Submit an annual report of the operations of the Corporation to the Board at such other times as the latter may request and submit a copy of such annual report to the Office of the Press Secretary and Privatization Management Office and to exercise such other powers and functions as the Board may empower him to do so.

The responsibilities set out above, may pertain only to the Chairman's role in respect to the Board proceedings, and shall not be taken as a comprehensive list of all the duties and responsibilities of a Chairman.

#### 2.2.2. Vice-Chairman

In the absence of the Chairman of the Board, the Vice-Chairman shall preside at the meetings of the Board.

#### 2.2.3. Corporate Secretary

The Corporate Secretary need not be a member of the Board. The Corporate Secretary shall have the following functions:

- a. Serve as an adviser to the Trustees on their responsibilities and obligations;
- b. Keep the minutes of meetings of the members, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the CEO and other members of the Board as appropriate;
- c. Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same;
- d. Attend to the giving and serving of notices of Board and member meetings, if applicable;
- e. Be fully informed and be part of the scheduling process of other activities of the Board;
- f. Receive instructions from the Chairman on the preparation of an annual schedule, the calling of Board meetings, the preparation of regular agenda for meetings, and notifying the Board of such agenda at every meeting;
- g. Oversee the adequate flow of information to the Board prior to meetings; and
- h. Ensure fulfillment of disclosure requirements to regulatory bodies.

The Corporate Secretary shall have such other responsibilities as the Board may impose upon him. The Board shall have separate and independent access to the Corporate Secretary.

#### 2.2.4. Compliance Officer

The Board shall appoint a Compliance Officer who shall report directly to the Chairman. In the absence of such office or appointment, the Corporate Secretary, who is preferably a lawyer, shall act as Compliance Officer. The Compliance Officer shall perform the following duties:

- a. Monitor compliance by the Corporation of the requirements under the law and the rules and regulations of appropriate government agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- b. Appear before the GCG when summoned in relation to compliance with this Code or other compliance issues; and
- c. Issue a certification every 30 May of the year on the extent of the Corporation's compliance with the government corporate standards governing Corporations for the period beginning 01 July of the immediately preceding calendar year and, if there are any deviations, explain the reason for such deviation.

The appointment of a Compliance Officer shall not relieve the Board of its primary responsibility vis-à-vis the State, acting through the GCG, to ensure that the Corporation has complied with all its reportorial, monitoring and compliance obligations.

### 2.3 Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute the following Committees, at the minimum:

#### 2.3.1. Executive Committee

The Board shall create an Executive Committee which shall have at least three (3) members, with the Chairman of the Board being the Committee Chairman.

The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by a vote of at least two-thirds (2/3) of its members on such specific matters within the competence of the Board as may from time to time be delegated to the Executive Committee in accordance with the Corporation's Charter or By-Laws, except with respect to:

- a. Approval of any action for which members' approval is also required;

- b. Filling of vacancies in the Board or in the Executive Committee;
- c. Amendment or repeal of By-Laws or the adoption of new By-Laws;
- d. Amendment or repeal of any resolution of the Board which by its express terms cannot be amended or subject to repeal; and
- e. Exercise of powers delegated by the Board exclusively to other committees.

### 2.3.2. Audit Committee

The Audit Committee shall consist of at least three (3) Trustees, whose Chairman should have audit, accounting or finance background. The Committee shall be responsible for the following:

- a. Oversee, monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, engage and provide oversight of the Corporation's internal and external auditors, and coordinate with the Commission on Audit ("COA");
- b. Review and approve audit scope and frequency, and the annual internal audit plan, quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;
- c. Receive and review reports of internal and external auditors and regulatory agencies, and ensure that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
- d. Ensure that internal auditors have free and full access to all the Corporation's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results; and
- e. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a procedures and policies handbook that will be used by the entire organization.

### 2.3.3. Governance Committee



The Governance Committee shall assist the Board in fulfilling its corporate governance responsibilities. The Committee shall be composed of at least three (3) members of Board, and chaired by the Chairman of the Board. The Committee shall be responsible for the following:

- a. Oversee the periodic performance evaluation of the Board and its committees and Management; and shall also conduct an annual self-evaluation of their performance;
- b. Decide whether or not a Trustee is able to and has been adequately carrying out his/her duties as trustee bearing in mind the trustee's contribution and performance (*e.g.*, competence, candor, attendance, preparedness and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when trustees serve on multiple boards;
- c. Recommend to the Board regarding the continuing education of Trustees, assignment to Board Committees, succession plan for the Executive Officers, and their remuneration commensurate with corporate and individual performance; and
- d. Recommend by which the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board.

#### 2.3.4. Nomination and Remunerations Committee

The Nomination and Remunerations Committee shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

- a. Install and maintain a process to ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations;
- b. Review and evaluate the qualifications of all persons nominated to positions in the Corporation which require appointment by the Board;
- c. Recommend to the GCG nominees for the shortlist in line with the Corporation's and its subsidiaries' Board composition and succession plan; and
- d. Develop recommendations to the GCG for updating the CPCS and ensuring that the same continues to be consistent with the Corporation's culture, strategy, control environment, as well as the pertinent laws, rules and regulations.

### 2.3.5. Risk Management Committee

The Risk Management Committee shall consist of at least three (3) members, with at least one member having a background in finance and investments. The Risk Management Committee shall be responsible for the following:

- a. Perform oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the Corporation, and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
- b. Develop the Risk Management Policy of the Corporation, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of the Corporation, especially at the Board and Management level; and
- c. Provide quarterly reporting and update the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals.

## 3. MANAGEMENT

### 3.1. Role of Management

The Management of the Corporation is the center of decision-making for the day-to-day affairs of the Corporation. It determines the Corporation's activities by putting the targets set by the Board in concrete terms and by implementing basic strategies for achieving those targets. Management is responsible to the Board for implementing the infrastructure for the Corporation's success through the following mechanisms in its organization as set by the Board: organizational structures that work effectively and efficiently in attaining the goals of the Corporation; useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach; information systems that are defined and aligned with an information technology strategy and the business goals of the Corporation; and a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation.

### 3.2. Management Primarily Accountable to the Board

Management is primarily accountable to the Board for the operations of the Corporation. As part of its accountability, Management shall provide all members of the Board with a balanced and understandable account of the Corporation's

performance, position and prospects on a monthly basis. This responsibility shall extend to interim and other price sensitive public reports and reports to regulators.

### 3.2.1. Chief Executive Officer ("CEO")

The CEO or the highest-ranking officer provided for in the By-laws, shall be elected annually by the members of the Board from among its ranks. The CEO shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause. In addition to the duties imposed on him by the Board, the CEO shall:

- a. Exercise general supervision and authority over the regular course of business, affairs, and property of the Corporation, and over its employees and officers;
- b. See to it that all orders and resolutions of the Board are carried into effect;
- c. Submit to the Board as soon as possible after the close of each fiscal year, and to the members of the Corporation at the annual meeting, if applicable, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs;
- d. Report to the Board from time to time all matters which the interest of the Corporation may require to be brought to its notice; and
- e. Perform such other duties and responsibilities as the Board may impose upon him.

### 3.2.2. President

The President shall be elected by the Board from their own number. In addition to the duties imposed on him by the Board, the President shall have the following powers and duties:

- a. Exercise general supervision over all the other officers of the corporation;
- b. With the approval of the Board, borrow money for the corporation by any legal means whatsoever, including the arrangement of letters of credit, and overdrafts with any and all banking institutions;
- c. With the approval of the Board, execute on behalf of the Corporation all contracts and agreements which the Corporation may enter into;
- d. Sign, indorse, and deliver all checks, drafts, bills of exchange, promissory notes and orders of payment of sums of money in the name and on behalf of the corporation, and to sign such other documents and paper for and on behalf of the Corporation;

- e. Exercise such powers and perform such duties as the Board from time to time may fix or delegate; and
- f. Perform such other duties and responsibilities as the Board may impose upon him.

#### 3.2.3 Executive Vice-President

The Executive Vice-President shall be elected by the Board and need not be a member thereof. He shall be vested with all the powers and authorities of, and required to perform all of the duties of the President during the absence or incapacity of the latter for any cause, and he shall also perform such other duties as the Board may from time to time assign to him. Other Vice-Presidents may be elected by the Board who need not be a member thereof and whose duties are fixed or determined by the Board.

#### 3.2.4. General Manager

The General Manager shall be elected by the Board. He shall hold office at the pleasure of the Board and shall have the following powers and duties:

- a. Have direct and active management of the business and operations of the corporation, conducting the same according to the orders, resolutions and instructions of the Board;
- b. With the approval of the Board of Trustees, to appoint and at his discretion remove or suspend any or all of the agents, employees and other subordinate personnel of the corporation, and prescribe their duties and fix or change from time to time their respective salaries or wages, and require guarantees or bonds in such amounts as he may determine to secure the faithful discharge of certain employees or agents of their total trust;
- c. Exercise general superintendence and direction over all the agents, employees and other subordinate personnel of the corporation, and see that their respective duties are properly performed;
- d. Submit to the Board such statements, reports, memoranda and accounts as the latter may require and prepare such statements and reports as may be required from time to time by the law with respect to the corporations organized according to the Philippine laws; and
- e. Perform such duties as may be prescribed by the Board.

#### 3.2.5. Corporate Treasurer

The Treasurer shall have charge of the funds, securities, receipts and disbursements of the Corporation. Unless otherwise provided in the By-laws, the Treasurer shall also have the following functions:

- a. Have custody of, and be responsible for, all the funds, securities and bonds of the corporation, and keep a complete and accurate record of receipts and disbursements and other commercial transactions in the corresponding books of account of the corporation, and see to it that all disbursements and expenditures are evidenced by appropriate vouchers;
- b. Deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of the Corporation in compliance with applicable laws, rules and regulations;
- c. Render an annual statement showing the financial condition of the corporation on the last day of December of each year and such other financial reports as the Board may from time to time require
- d. Regularly and at least quarterly render to the Board an account of the fund condition of funds of the Corporation and all of his transactions as such;
- e. Receive and issue receipts for all moneys paid to the corporation from any source whatsoever, and generally to perform such other duties as may be required by law or prescribed by the Board;
- f. Ensure fund availability on a timely basis and at the most economical means;
- g. Optimize yields in temporary excess funds;
- h. Provide relevant and timely financial market information;
- i. Ensure appropriate coverage and management risk to resources; and
- j. Perform such other responsibilities as the Board may impose.

#### 3.2.4. Chief Finance Officer ("CFO")

The CFO, who may also be the Treasurer, shall be responsible for the following:

- a. Provide management with accurate, relevant, and timely operating and financial reports and analysis necessary for financial planning and strategy formulation, and monitor actual implementation of budgets, plans and programs towards the achievement of corporate goals;
- b. Maintain the integrity of accounting records as the basis of the financial statements and reports provided to Management for decision making and to government regulatory bodies in compliance with statutory requirements;
- c. Promote investor and public confidence in the Corporation by addressing the various information requirements of the investing public and ensuring

that all other legal reportorial obligations to the concerned agencies are complied with;

- d. Strengthen internal controls by monitoring compliance with policies and recommending to Management appropriate actions and changes in systems and procedures in the exigencies of the service; and
- e. Perform such other responsibilities as the Board may impose.

### 3.2.6 Other Executive Officers

Subject to the provisions of its By-Laws, the Executive Officers shall be appointed by the Board.

### 3.3. Power of the Governing Board to Discipline/Remove Officers

Subject to existing civil service laws, rules and regulations, and with ensuring compliance with the requirements of due process, the Board shall have the authority to discipline, or remove from office, the CEO, or any other Officer, upon a majority vote of the members of the Board who actually took part in the investigation and deliberation.

### 3.4. Compensation

All corporate officers shall receive such compensation or salaries and other emoluments for service rendered as may be fixed and approved by at least a majority of the members of the Board of Trustees.

## 4 DUTIES AND OBLIGATIONS OF TRUSTEES AND OFFICERS

4.1 Fiduciaries of the State. – Trustees and Officers are fiduciaries of the State in that:

- a. They have the legal obligation and duty to always act in the best interest of the Corporation, with utmost good faith in all dealings with the properties, interests and monies of the Corporation, and
- b. They are constituted as trustees in relation to the properties, interests and monies of the Corporation.

4.2 Trustees and Officers as Public Officials. – Trustees and Officers are also Public Officials as defined by, and are therefore covered by the provisions of the "Code of Conduct and Ethical Standards for Public Officials and Employees" with its

declared policies: (a) to promote a high standard of ethics in public service; and (b) Public Officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence, and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest.

- 4.3 Respect for and Obedience to the Constitution and the Law. – As Public Officials, a Trustee or Officer shall respect and obey the Constitution, and shall comply, and cause the Corporation to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to the Corporation in which they serve, and to act within the bounds of the Corporation's Articles of Incorporation and By-laws.
- 4.4 Duty of Diligence. – The fiduciary duty of diligence of Trustees and Officers to always act in the best interest of the Corporation, with utmost good faith in all its dealings with the property and monies of the Corporation, includes the obligation to:
- a. Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the Corporation, using the utmost diligence of a very cautious person with due regard to all the circumstances;
  - b. Apply sound business principles to ensure the financial soundness of the Corporation; and
  - c. Elect and/or employ only Officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity.

Every Trustee or Officer, by the act of accepting such position in the Corporation, affirms and covenants: (a) to 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 GCG, and where applicable, the requirements the Presidential Communication Operations Office ("PCOO") and of other Supervising Agencies; and (b) to always keep himself informed of industry developments and business trends in order to safeguard the Corporation's interests and preserve its competitiveness.

- 4.5 Duty of Loyalty. – The fiduciary duty of loyalty of the Trustees and Officers to always act in the best interest of the Corporation, with utmost good faith in all its dealings with the property and monies of the Corporation, includes the obligation to:

- a. Act with utmost and undivided loyalty to the Corporation;
  - b. Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board; and
  - c. Avoid (a) taking for themselves opportunities related to the Corporation's business; (b) using the Corporation's property, information or position for personal gain; or (c) competing with the Corporation's business opportunities.
- 4.6 Avoid Conflict of Interest. – Trustees and Officers shall at all times avoid any actual or potential conflict of interest with the Corporation. Each shall also avoid any conduct, or situation, which could reasonably be construed as creating an appearance of a conflict of interest. Any question about a Trustee's or Officer's actual or potential conflict of interest with the Corporation shall be brought promptly to the attention of the Chairman of the Board, who will review the question and determine an appropriate course of action.
- 4.7 Taking of Corporate Opportunities. – Where a Trustee or an Officer, by reason of his being a member of the Board or an Officer of the Corporation, acquires or receives for himself/herself a benefit or profit of whatever kind or nature, including but not limited to, the use the properties of the Corporation for his/her own benefit, the receipt of commission(s) on contract(s) with the Corporation or its assets, or the taking advantage of corporate opportunities of the Corporation, all such profits or benefits shall be subject to restitution pursuant to Section 24 of Republic Act No. 10149 or the *GOCC Governance Act of 2011* ("RA 10149"), without prejudice to any administrative, civil or criminal action against members of the such Trustee or Officer. The remedy of restitution shall apply notwithstanding the fact that such Trustee or Officer risked his/her own funds in the venture.
- 4.8 Duty of Confidentiality. – All members of the Board and all Officers of the Corporation shall not use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public, either: (a) to further their private interests, or give undue advantage to anyone; or (b) which may prejudice the public interest.

## 5 COMMUNICATION PROCESS

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



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

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

## 6 TRAINING PROCESS

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

## 7 REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

7.1. The reports or disclosures required under this Manual shall be prepared and submitted to the GCG by the responsible Committee or officer through the Corporation's Compliance Officer.

7.2. All material information shall be publicly disclosed. Such information shall include earning results, acquisition or disposal of major assets, board changes, related party transactions, changes in Trustees and changes to ownership.

7.3. Other information that shall always be disclosed includes of all Trustees and senior management, and off-balance sheet transactions.

7.4. The Board shall commit at all times to fully disclose material information.

## 8 MONITORING AND ASSESSMENT

8.1. Each Committee shall report regularly to the Board of Trustees.

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

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

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

## 9 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL


9.1. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's Trustees, officers, or employees in case of violation of any of the provisions of this Manual:

- a. In case of first violation, the subject person shall be reprimanded.
- b. Suspension from the office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. This shall not be applicable to Trustees.
- c. For third violation, the maximum penalty of removal from office shall be imposed. With regard to Trustees, the provision of Section 28 of the Corporation Code shall be observed.

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


Adopted by unanimous vote of the Board of Trustees, March 17, 2013.


Signed:

  
MILAGROS S. ALORA  
Chairman of the Board

  
AMANDO C. DIMARUCOT, JR.  
President/Trustee

  
EDUARDO C. VISPERAS  
Trustee

  
LUZ R. PALACIOS  
Trustee

  
ALLAN ED L. CAPULONG  
Trustee

  
VICTOR SIGNEY  
Trustee