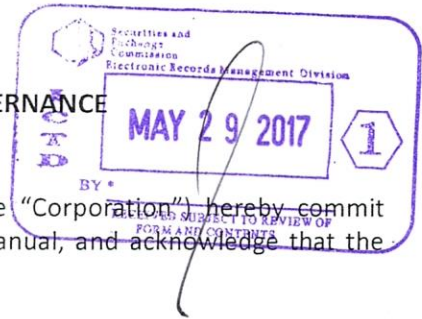


**AMENDED MANUAL ON CORPORATE GOVERNANCE
SOLID GROUP INC.**



The Board of Directors, officers and staff, of Solid Group, Inc (the "Corporation") hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of their corporate goals.

OBJECTIVE

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

The Board of Directors, officers, 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.

Article 1: Definition of Terms

- a) Code – The Corporate Governance Code promulgated by the Securities and Exchange Commission, as amended;
- b) Corporate Governance – the system of stewardship and control to guide the Corporation in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders; it is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board of Directors and senior management of the Corporation accountable for ensuring ethical behavior, reconciling long-term customer satisfaction with shareholder value to the benefit of all stakeholders and society;
- c) Board of Directors – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties;
- d) Exchange – an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;
- e) 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;
- f) Independent director – a person who is independent of management and the controlling shareholder and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;
- g) Executive director – a director who has executive responsibility of day-to-day operations of a part or the whole of the Corporation;
- h) Non-executive director – a director who has no executive responsibility and does not perform any work related to the operations of the Corporation;

- i) Non-audit work – the other services offered by an external auditor to a 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;
- j) Internal control – a process designed and effected by the Board of Directors, Management, and all levels of personnel to provide reasonable assurance on the achievement of the Corporation's 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;
- k) Internal control system – the framework under which internal controls are developed and implemented alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Corporation is exposed;
- l) 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;
- m) Internal audit department – a department or unit of the Corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the Corporation's operations;
- n) Internal Auditor – the highest position in the Corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results;
- o) Commission – refers to the Securities and Exchange Commission ("SEC");
- p) Enterprise Risk Management – a process, effected by the Corporation'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;
- q) Related Party – shall cover the Corporation's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Corporation exerts direct or indirect control over or that exerts direct or indirect control over the Corporation, the Corporation's directors, officers, shareholders and related interests ("DOSRI"), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Corporation;
- r) Related Party Transactions – transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. They include not only

- transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party; and
- s) Stakeholders – any individual, organization or society at large who can either affect and/or be affected by the Corporation’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.

Article 2: Rules of Interpretation

- A. All references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.
- B. All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the Corporation.

Article 3: Board Governance

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

A. Composition of the Board

The Board shall be composed of such number of directors as provided in the Corporation’s Articles of Incorporation subject to their election and qualification.

The Board shall have at least two (2) independent Directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is higher, 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.

B. Independent Director

- i. An independent director refers to a person who, ideally:
 - a) Is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the Corporation;
 - b) Is not, and has not been in the three (3) years immediately preceding the election, a director of the Corporation, a director, officer, employee of the Corporation’s subsidiaries, associates, affiliates or related companies, or a director, officer, employee of the Corporation’s substantial shareholders and its related companies;

- c) Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman “Emeritus,” “Ex-Officio” directors or officers or 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 (3) years immediately preceding his election;
- d) Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;
- e) Is not a relative of a director, officer, or substantial shareholder of the Corporation or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- f) Is not acting as a nominee or representative of any director of the Corporation 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, an 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 a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) 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 a partner, director or substantial shareholder, in any transaction with the Corporation 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 Corporation 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 Corporation’s executives serve as directors.

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

- ii. The Board’s independent directors should serve for a maximum cumulative term of nine (9) years. After which, the independent director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Corporation wants to

retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

C. Multiple Board Seats

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

The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

The non-executive directors of the Board should concurrently serve as directors to a maximum of five publicly listed companies.

A director should notify the Board where he/she is an incumbent director before accepting a directorship in another company.

D. The Chair and Chief Executive Officer

The roles of Chair and 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 Chair and CEO upon their election.

If the positions of Chair 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 positions of Chair and CEO should be held by separate individuals and each should have clearly defined responsibilities. The Board should designate a lead director among the independent directors if the Chair is not independent, including if the positions of the Chair and CEO are held by one person.

- i. The duties and responsibilities of the Chair in relation to the Board may include, among others, the following:
 - a) Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

- b) Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
 - c) Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
 - d) Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
 - e) Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;
 - f) Makes sure that performance of the Board is evaluated at least once a year and discussed or followed up on;
 - g) Ensures that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;
 - h) Supervises the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the Board; and
 - i) Maintains qualitative and timely lines of communication and information between the Board and Management.
- ii. The CEO has the following roles and responsibilities, among others:
- a) Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
 - b) Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
 - c) Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;
 - d) Has a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose;
 - e) Directs, evaluates and guides the work of the key officers of the Corporation;
 - f) Manages the Corporation's resources prudently and ensures a proper balance of the same;
 - g) Provides the Board with timely information and interfaces between the Board and the employees;
 - h) Builds the corporate culture and motivates the employees of the Corporation; and

- i) Serves as the link between internal operations and external stakeholders.
- iii. The functions of the lead director include, among others, the following:
 - a) Serves as an intermediary between the Chair 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 Chair, as required.

E. Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

- i. College education or equivalent academic degree;
- ii. Practical understanding of the business of the Corporation;
- iii. Membership in good standing in relevant industry, business or professional organizations; and
- iv. Previous business experience.

F. Disqualification of Directors

- i. Permanent Disqualification

The following shall be 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 any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the 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 in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (“BSP”), or under any rule or regulation issued by the Commission or 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;

- 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 Commission, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
 - e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;
 - f) Any person judicially declared as insolvent;
 - g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of facts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (e) above;
 - h) 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; and
 - i) Other grounds as the SEC may provide.
- ii. Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

- a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- b) Absence in more than fifty (50) percent 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;

- c) Dismissal or termination for cause as director of any corporation covered by this Code. 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;
- d) 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 shall be lifted if the limit is later complied with; and
- e) 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 qualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

G. Responsibilities, Duties and Functions of the Board

i. 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 and other stakeholders.

The Board should 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.

ii. Duties and Functions

To ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders, the Board should 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 the business plans, operating budgets and Management's overall performance;

- c) Ensure the Corporation's faithful compliance with all applicable laws, regulations and 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 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, formulate a clear policy of accurate, timely and effective communication with them, establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders, and adopt a transparent framework and process that allow stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights;
- f) Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the 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 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 and its parent company, joint venture, subsidiaries, associates, 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 duties and responsibilities;
- 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 the regulatory authorities;
- k) Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration;
- l) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations;

- m) Appoint a Compliance Officer who shall have the rank of at least senior vice president or any other equivalent position. The Compliance Officer should be a separate individual from the Corporate Secretary;
- n) Establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance;
- o) Set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the Corporation's culture; and
- p) Establish a suitable framework for whistleblowing that allows 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 should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

H. 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 also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

A director should observe the following norms of conduct:

- i. Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/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 seriously consider resigning from his position.

A conflict of interest shall be 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.

- ii. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the Corporation's

business. He should be constantly aware of and knowledgeable with 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.

iii. Act judiciously.

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

iv. 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. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Corporation.

v. Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

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

vi. Observe confidentiality.

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

I. Internal Control Responsibilities of the Board

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

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

- a) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;

- b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
 - c) Evaluation of proposed senior management appointments;
 - d) Selection and appointment of qualified and competent management officers; and
 - e) Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- ii. The scope and particulars of the systems of effective organizational and operational controls may differ among corporations depending on, among others, the following factors: nature and complexity of the business and the business culture, volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
 - iii. The Corporation should establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The internal audit system shall include the establishment of an internal audit process in the subsidiaries to support the internal audit requirements of the Corporation. The Board shall appoint an internal auditor to perform the audit function, and require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The internal auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

The following are the functions of the internal audit, among others:

- 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 processes 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 regular and special audit as contained in the annual audit plan and/or based on the Corporation'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 Corporation;

- 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.

The Corporation's internal audit activity may be a fully resourced activity housed within the organization or may be outsourced to qualified independent third party service providers.

- iv. The Corporation should have a qualified Chief Audit Executive ("CAE") appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.

The CAE shall directly report functionally to the Audit Committee and administratively to the CEO. 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 Board 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 Corporation'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 Corporation;
 - 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.
- v. The Corporation should have a separate 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 risks exposure relating to economic, environmental, social and governance (“EESG”) factors and the achievement of the Corporation’s strategic objectives;
 - c) Evaluating and categorizing each identified risk using the Corporation’s predefined risk categories and parameters;
 - d) Establishing a risk register with clearly defined, prioritized and residual risks;
 - e) Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy;
 - f) Communicating and reporting significant risk exposures including business risks (*i.e.*, strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
 - g) Monitoring and evaluating the effectiveness of the Corporation's risk management processes.
- vi. In managing the Corporation’s Risk Management System, the Corporation should 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.

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) Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
- c) Collaborates with the CEO 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 insights on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with.

There should be clear communication between the Board Risk Oversight Committee and the CRO.

J. 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 shall submit to the Commission, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings. The certification may be submitted through SEC Form 17-C or in a separate filing.

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

K. 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. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

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

The Corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

To protect the funds of a corporation, the Commission may, in exceptional cases, *e.g.* when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

L. Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

- i. The Audit Committee shall consist of at least three (3) directors, who shall have accounting, auditing and finance backgrounds, two (2) of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director and should not be the Chair of the Board or of any other committees. The committee shall have the following functions:
 - a) Recommends the approval the Internal Audit Charter (“IA Charter”), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
 - b) Organizes an internal audit department, and considers the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
 - c) 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 system of checks and balances should be in place in order to (a) safeguard the Corporation’s resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation’s financial data, and (d) ensure compliance with applicable laws and regulations;
 - d) Oversees the IA Department, and recommends the appointment and/or grounds for approval of an internal audit head or CAE. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
 - e) Establishes and identifies the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
 - f) Reviews and monitors Management’s responsiveness to the internal auditor’s findings and recommendations;
 - g) Assists 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;
 - h) Provides oversight over Management’s activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
 - i) Performs oversight functions over the Corporation’s internal and external auditors. It should ensure that the internal and external auditors act independently from

each other and both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

- j) Reviews the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- k) 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;
- l) Monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- m) Reviews the reports submitted by the internal and external auditors;
- n) Reviews the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- o) Reviews the disposition of the recommendations in the external auditor's management letter;
- p) 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;
- q) Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- r) Evaluates and determines 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 that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report and corporate governance report;
- s) Recommends to the Board the appointment, reappointment, removal and fees 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 should be prepared and presented to the stockholders. The recommendation is subject to the approval of the Board and ratification by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the Corporation's website and required disclosures;

- t) Establishes and identifies the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. The internal auditor 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.

- ii. The Board shall establish a Corporate Governance Committee that should be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three (3) members, two (2) of whom should be independent directors, including the Chairman. The Corporate Governance Committee ("CG Committee") is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:
 - 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 or training programs for directors, assignment of tasks or projects to Board Committees, succession plan for the board members and senior officers, 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 trainings for the members of the Board;
 - g) Determines the nomination and election process for the Corporation's directors and has the special duty of defining the general profile of board members that the Corporation may need in ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

- 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.
- iii. The Board should establish a separate Board Risk Oversight Committee ("BROC") that should be responsible for the oversight of a Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three (3) members, the majority of whom should be independent directors,. The Chairman should not be the Chairman of the Board. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

The BROC has the following duties and responsibilities, among others:

- a) Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks; (b) well-defined risk management goals, objectives and oversight; (c) uniform processes of assessing risks and developing strategies to manage prioritized risks; (d) designing and implementing risk management strategies; and (e) continuing assessments to improve risk strategies, processes and measures;
- b) Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c) Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- d) Advises the Board on its risk appetite levels and risk tolerance limits;
- e) Reviews at least annually the Corporation'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 Corporation;
- 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; and

- h) Reports to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.
- iv. The Board should establish a Related Party Transaction ("RPT") Committee, which should be tasked with reviewing all material related party transactions of the Corporation and should be composed of at least two (2) non-executive directors, two of whom should be independent.

The following are the functions of the RPT Committee, among others:

- 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 should be reflected in the relevant reports to the Board and regulators/supervisors;
- b) Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (*e.g.*, price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
 - The related party's relationship to the Corporation and interest in the transaction;
 - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - The benefits to the Corporation of the proposed RPT;
 - The availability of other sources of comparable products or services; and
 - An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation should 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 provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties;
- d) Reports to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

- e) Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
 - f) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.
- v. The Board may also organize a Compensation or Remuneration Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.

All established committees should 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 should provide the standards for evaluating the performance of the Committees. It should also be fully disclosed on the Corporation's website.

The Audit Committee Charter should 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 should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

M. The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the Corporation. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance. He should -

- i. 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;
- ii. 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 the other official records of the Corporation; such responsibility may be delegated to the legal department of the Corporation;
- iii. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advise the Board and the Chairman on all relevant issues as they arise;

- iv. Advise on the establishment of Board Committees and their terms of reference;
- v. Be loyal to the mission, vision and objectives of the Corporation;
- vi. Work fairly and objectively with the Board, Management and stockholders and contribute to the flow of information between the Board and Management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- vii. Have appropriate administrative and interpersonal skills;
- viii. If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- ix. Have a working knowledge of the operations of the Corporation;
- x. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- xi. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- xii. Perform required administrative functions;
- xiii. Oversee the drafting of the by-laws and ensures that they conform with regulatory requirements;
- xiv. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- xv. Perform such other duties and responsibilities as may be provided by the SEC.

N. The Compliance Officer

The Board shall appoint a Compliance Officer who shall report directly to the Chair of the Board or President of the Corporation. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance. He shall perform the following duties:

- i. Ensures proper onboarding of new directors (*i.e.*, orientation on the Corporation's business, charter, articles of incorporation and by-laws, among others);
- ii. Monitors, reviews, evaluates and ensures the compliance by the Corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all government issuances of regulatory 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;

- iii. Ensures the integrity and accuracy of all documentary submissions to regulators;
- iv. Appear before the Commission when summoned in relation to compliance with this Code;
- v. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- vi. Identifies possible areas of compliance issues and works towards the resolution of the same;
- vii. Ensures the attendance of board members and key officers to relevant trainings;
- viii. Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Code for the completed year and, if there are any deviations, explain the reason for such deviation; and
- ix. Performs such other duties and responsibilities as may be provided by the SEC.

Article 4: 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 should 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, should have access to independent professional advice at the Corporation's expense.

Article 5: 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 should be maintained for the benefit of all stockholders and other stakeholders;
 - 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 its 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.

Article 6: Stockholders' Rights and Protection of Minority Stockholders' Interests

- A. The Board shall respect the rights of the stockholders as provided for in the Corporation's Articles of Incorporation, By-laws and the Corporation Code; namely:
- i. Right to vote on all matters that require their consent or approval;
 - ii. Right to inspect corporate books and records;
 - iii. Right to information;
 - iv. Right to dividends;
 - v. Appraisal right;
 - vi. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting; and
 - vii. Right to nominate candidates to the Board of Directors.

The pre-emptive right is denied under the Corporation's Articles of Incorporation.

- B. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholders' favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. 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.

The Board should encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting. The Board should encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the Corporation's

website within five (5) business days from the end of the meeting. The Board should establish an Investor Relations Office (“IRO”) to ensure constant engagement with its shareholders. The IRO should be present at every shareholders’ meeting.

Although all stockholders should be treated equally or without discrimination, minority stockholders may request in writing the holding of a meeting, subject to the requirement under the By-laws that such requesting stockholder is the holder of record of not less than one-third of the subscribed and voting capital stock of the Corporation.

Article 7: Governance Self-Rating System

The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Manual.

The Board should conduct an annual self-assessment of its performance, including the performance of the Chair, individual members and committees. Every three (3) years, the assessment should be supported by an external facilitator.

The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.

The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Corporation's annual report.

Article 8: Disclosure and Transparency

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.

It is therefore essential that all material information about the Corporation which could adversely affect its viability or the interests of the stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, direct and indirect remuneration of members of the Board Management, including termination and retirement provisions, and 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.

The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a Corporation’s financial condition, results and business operations.

The Corporation should have a policy requiring all directors and officers to disclose or report to the Corporation any dealings in the Corporation’s shares within three (3) business days.

The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of EESG issues of its business, which underpin sustainability. The Corporation should adopt a globally recognized standard or framework in reporting sustainability and non-financial issues.

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. The Corporation should include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

Article 9: Commitment to Good Corporate Governance

The corporate governance rules that the Corporation may establish and implement in accordance with the Code shall be embodied in a Manual that can be used as reference by the members of the Board and Management.

The Manual shall be made available for inspection by any shareholder at reasonable hours on business days.

Article 10: Strengthening Board Ethics

The Board should adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the Corporation's website.

The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

Article 11: Regular Review of the Code and the Scorecard

To monitor compliance with this Manual, the Corporation will accomplish annually a scorecard on the scope, nature and extent of the actions which have been taken to meet the objectives of this Code.

Article 12: Administrative Sanctions

Any violation of the mandatory provisions of this Manual shall be subject to the sanctions provided under the Code, as may be amended from the time to time.

Makati City, May 29, 2017

Signed:

SOLID GROUP, INC.

By:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above the printed name.

JASON S. LIM

Chairman