

### **Subject 3 General Responsibilities of the Board**

Compliance with the principles of sound corporate governance instituted in this Manual shall be the paramount responsibility of and shall start with the Board.

The Board shall exercise the corporate powers and conduct and manage the business and affairs of the Company in consonance with the principles of sound corporate governance instituted in this Manual and shall be responsible for fostering the long-term success of the Company and securing its sustained competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

Consistent with a director's three-fold duty of obedience, diligence and loyalty to the corporation he serves, the Directors shall:

1. Act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-laws of the company and in existing laws, rules and regulations;
2. Actively provide sound strategic policies and guidance to the Company on objective setting as well as promote programs that can sustain its long-term viability and strength;
3. Act on a fully informed basis, in good faith, with due diligence and care, skill and judgment in the conduct and management of the business and affairs of the Company; and
4. Act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.

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

### **Subject 4 Specific Duties and Functions of the Board**

To ensure a high standard of best practice on governance for the Company and to promote and protect the interest of the Company, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

1. Install a process of selection to ensure a diverse and complementary mix of Directors with a collective working knowledge, expertise and experience that is relevant to the company's industry, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, and respond to the needs of the Company based on the evolving business environment and strategic direction;

2. Elect the Chairman, President and other Officers, as well as oversee and evaluate the performance of the Chairman, President, Management team and/or the heads of control functions, such as, but not limited to, Compliance, Internal Audit, Risk Management and Investor Relations, and adopt an effective succession planning program for Directors and Management;
3. Adopt a professional development program for Officers and succession planning for the Company Executives;
4. Determine, validate and approve the Company's business objectives, purpose, its vision, mission and strategies, and monitor their implementation in order to sustain the company's long-term viability and strength;
5. Ensure that the Company complies with all relevant laws, rules and regulations and codes of best business practices
6. Promote a culture of integrity, anti-corruption and ethical values and behavior in the company by establishing policies and programs in furtherance thereof.
7. Identify the Company's major and other stakeholders in the community in which it operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them, as well as establish clear policies that provide a mechanism on the fair treatment and protection of stakeholders through an effective stakeholder relations program;
8. Promote stakeholder rights established by law, contractual relations and those created through voluntary commitments, and allow opportunities for prompt and effective redress for violation of such rights through appropriate mechanisms.
9. 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 of 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 stockholder's favor.
10. They shall likewise be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person. The Board shall pave the way for the electronic filing and distribution of stockholder information necessary to make informed decisions in accordance with applicable laws, rules and regulations.
11. Adopt a system of internal checks and balances and regularly evaluate applicability thereof under changing conditions;
12. Identify key risk areas and key performance indicators and monitor these factors with due diligence
13. Ensure the continuing soundness, effectiveness and adequacy of the Company's internal control environment;

14. Properly discharge Board functions by meeting regularly, and give due consideration to independent views during Board meetings, which meetings shall be duly minuted;
15. Adopt procedures for the Directors, either individually or as a group, in furtherance of their duties, to take independent professional advice and to have access to management;
16. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing rules and regulations.
17. Approval of items reserved to the Board, such as, but not limited to:
  - a. Annual Reports and Financial Statements
  - b. Dividends
  - c. Financial Policies
  - d. Budget
  - e. Retirement Plan and selection/appointment of Trustees
  - f. Safety/asset integrity matters
  - g. Others
18. Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including business plans, operating budgets and Management's overall performance
19. 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 ventures, 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.
20. Establish rules for 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.
21. Appoint a Compliance Officer who shall have the rank of at least Vice-President. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer; and
22. Perform such other functions which may be required under existing laws, issuances and regulations.

## Subject 5 Specific Duties and Responsibilities of a Director

A Director shall have the following duties and responsibilities:

1. To conduct business transactions with the Company fairly, ensuring that personal interest do not affect his independent judgment and the Board's;
2. To devote time and attention necessary to properly discharge his duties and responsibilities;
3. To submit himself to a low-indicative limit on directorships in other corporations in order that his capacity as director to serve the Company with utmost diligence shall not be compromised. In the case of Non-Executive Directors, they shall, as far as practicable, have directorships in not more than five (5) publicly-listed companies.
4. To act judiciously on matters brought before the Board, thoroughly evaluating the issues involved before making any decision;
5. To exercise independent judgment;
6. To have a working knowledge of the statutory and regulatory requirements affecting the Company and its operations, including the provisions of the Company's Articles of Incorporation, By-Laws, the requirements of the Commission and, where applicable, the requirements of other regulatory agencies having jurisdiction over the Company; and
7. To observe confidentiality on non-public information acquired by reason of his position as a Director;
8. To ensure the continuing soundness, effectiveness and adequacy of the Company's, control environment.
9. To report to the Board of Directors whenever he accepts other Directorship within or outside the Group;
10. Whenever there is an *apparent or real* conflict of interest between the Director and the Company, or when the transaction is between the Company and a company where he is also a common Director, to abstain from taking part in deliberations and in voting thereon;