

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) SS.

SECRETARY'S CERTIFICATE

I, **JOSEPH JASON M. NATIVIDAD**, Filipino, of legal age and with office address at the 14th Floor, North Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City, under oath, do hereby certify that:

1. I am the duly appointed Corporate Secretary of **BDO LEASING AND FINANCE, INC.**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office and business address at BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City, and in that capacity, I have custody of the corporate records of BDO LF;

2. Based on the records, during a duly convened meeting of the Board of Directors of the Corporation held on May 30, 2011, the following resolution was unanimously passed and approved:

"RESOLVED, That the Board approve and confirm, as it hereby approves and confirms, Resolution No. 2011-04 of the Corporate Governance, Nomination, and Compensation & Remuneration Committee adopted on May 24, 2011 which reads as follows:

"RESOLVED, That the Corporate Governance, Nomination, and Compensation & Remuneration Committee of BDO Leasing and Finance, Inc. hereby approves the amendments made to the Corporation's Manual on Corporate Governance, which is made part of this resolution as Annex "A."

3. The foregoing resolution has not been modified, amended or revoked, and are true and correct and in accordance with the records of the Corporation presently in my custody.

4. That I am executing this certificate for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 31st day of May 2011 at Makati City, Philippines.

Joseph Jason M. Natividad

JOSEPH JASON M. NATIVIDAD

Corporate Secretary

01 JUN 2011

SUBSCRIBED AND SWORN to before me this ___ day of _____ at Makati City, affiant exhibiting to me his Community Tax Certificate No. 06006391 issued at Makati City on March 3, 2011 and his Driver's License No. C05-89-038680 issued on 03 September 2008 with validity up to 02 September 2011.

Doc. No. 156
Page No. 33
Book No. 7
Series of 2011
BDO Leasing & Finance, Inc.

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www.bdo.com.ph

NOTARY PUBLIC

Claude Albert D. Morales

Atty. CLAUDE ALBERT D. MORALES

Appointment No. M-556

Notary Public until 31 December 2011

14/F BDO North Tower, BDO Corporate Center

7899 Makati Avenue, Makati City

Roll No. 48394

IBP No. 842067, 1/3/2011, Quezon City

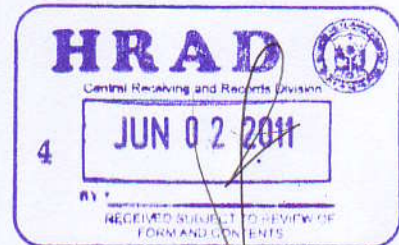
PTR No. 2642915, 1/3/2011, Makati City

MCLE Compliance No. III-0012193, 4/14/2010

We find ways

June 1, 2011

HON. JUSTINA F. CALLANGAN
Director
Corporation and Finance Department,
Securities and Exchange Commission
SEC Building, EDSA, Mandaluyong



Dear Director Callangan:

Further to our letter to you dated 11 May 2011, we are submitting the attached Revised Manual on Corporate Governance of BDO Leasing and Finance, Inc. duly approved by its Board of Directors on May 30, 2011 as evidenced by the attached Corporate Secretary's Certificate issued on June 1, 2011.

Thank you.

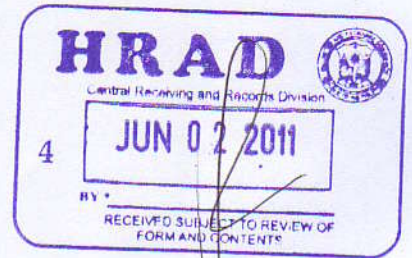
Very truly yours,



SERGIO M. CENIZA
Compliance Officer

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**AMENDED
MANUAL ON CORPORATE GOVERNANCE
BDO LEASING AND FINANCE, INC.**



The Board of Directors and Management, i. e. officers and staff, of **BDO LEASING AND FINANCE, INC.** hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

I. OBJECTIVE

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

The Board of Directors, Management and Staff recognize the need for the whole organization to be aware that good corporate governance is essential to the sound management of the Company. It is thus the objective of this Manual to lay down the principles of good corporate governance and related policies.

II. BOARD GOVERNANCE

Compliance with the principles and best practices of good corporate governance shall start with the Board of Directors.

A. General Responsibility of the Board of Directors.

The Board of Directors shall primarily be responsible for the Company's good corporate governance that will foster the long term success of the institution, sustain its competitiveness and profitability, and maximize its net worth. To ensure good governance of the Company, the Board of Directors shall cause the establishment of its mission and vision, strategic objectives, as well as policies that will guide and direct the activities of the Company, the means to attain the same, including the mechanism for monitoring management's performance.

B. Board Composition.

- The Board of Directors of the Company shall be composed of fifteen (15) members who shall be owners of at least one (1) share of the common stock of the company. The stockholders of the Company shall elect the members of the Board.
 - The Company shall have at least two (2) independent directors or such numbers of independent directors that would constitute twenty percent (20%) of the members of the Board, whichever is lesser.

- The membership of the Board of Directors of the Company may be a combination of executive and non-executive directors (which include the independent directors), provided that the non-executive directors possess such qualifications and stature as to enable them to effectively participate in the deliberations of the Board.

C. Multiple Board Seats

The members of the Board of Directors of the Company may concurrently hold directorship positions in other corporations, provided that the capacity of a director to diligently and efficiently perform his duties and responsibilities is not compromised.

D. Roles of the Board Chair and the Company President.

The roles of the Board Chair and the Company President shall be separate and distinct from each other to achieve a balance of power, increased accountability, and capacity to do independent decision making by the Board.

The duties and responsibilities of the Board Chair in relation to the Board shall, among others, be the following:

1. Ensure that the meetings of the Board of Directors are held in accordance with the Bylaws of the Company.
2. Oversee the preparation of the agenda of the meeting of the Board of Directors in coordination with the Corporate Secretary, taking into account the suggestions of the Directors, the Company President, and other members of the Senior Management.
3. Maintain the timely lines of communication and information between the Board of Directors and Senior Management of the Company.

E. Qualification of Directors.

The minimum qualifications to be a Director of the Company shall be the following:

- He shall be at least twenty-five (25) years of age at the time of his election or appointment.
- He shall be at least a college graduate or have at least five (5) years experience in business.
- He must have attended a special seminar on corporate governance for board directors.

- He must be fit and proper for the position, and in this regard, the following shall be considered: integrity/probity, competence, education, diligence and experience /training.
- He must have a practical understanding of the business of the Company.
- He must be a member of good standing in the relevant industry, business or professional organizations.

F. Disqualifications of Directors.

1. Permanent Disqualification.

The following are permanently disqualified to become a Director of the Company:

- a) Any person who has been convicted by final judgement by a court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft.
- b) Any person who has been convicted by final judgement by a court for violation of laws that govern securities and banking activities.
- c) Any person who has been judicially declared insolvent, spendthrift or incapacitated to contract.
- d) Any person convicted by final judgement 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 (SRC), [b] arises out of the person's conduct as 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 affiliate person or any of them.
- e) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgement or order of the Securities and Exchange Commission (SEC) 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 above capacities

mentioned in [a] and [b] above, or willfully violating the laws that govern securities and banking activities.

- f) Any person who has been adjudged by final judgement or order of the SEC, 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, SRC or any other law administered by the SEC or the Bangko Sentral ng Pilipinas (BSP), or any of its implementing rules, regulations or orders.
- g) Any person earlier elected as independent director who becomes an officer, employee, or consultant of the Company.
- h) Any person found guilty by final judgement or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above.
- i) Any person convicted by final judgement 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.

2. Temporary Disqualification.

The following are temporarily disqualified from holding a director position in the Company:

- a) Any person who refuses to fully disclose the extent of his business interest to the appropriate supervising and examination department of the BSP when required pursuant to a provision of law or of a BSP regulatory issuance. The disqualification shall be in effect as long as the refusal persists.
- b) Any person who refuses to comply with the disclosure requirements of the SRC and its implementing rules and regulations. The disqualification shall be in effect as long as the refusal persists.
- c) Any Director who has been absent or have not participated in more than fifty percent (50%) of all regular and special meetings of the Board of Directors during his incumbency or any twelve (12) month period during said incumbency, and any director who failed to physically attend at least twenty-five percent (25%) of all board meetings in any year. This disqualification shall apply for purposes of the succeeding election.

- d) Any person who is delinquent in the payment of his financial obligations and those of his related interests. The disqualification shall be in effect as long as the deficiency persists.
- e) Any person convicted for offenses involving dishonesty or breach of trust or violation of banking laws but whose conviction has not yet become final and executory.
- f) Any Director disqualified for failure to observe/discharge his duties and responsibilities prescribed under existing regulations. The disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board.
- g) Any Director who failed to attend the special seminar on corporate governance. The disqualification applies until the director concerned has attended such seminar.
- h) Any person dismissed/terminated from employment for cause. The disqualification shall be in effect until the person concerned has cleared himself of involvement in the alleged irregularity.
- i) Any person under preventive suspension.
- j) Any person with derogatory records with law enforcement agencies. The disqualification shall be in effect until the person concerned has cleared himself of involvement in the alleged irregularity.
- k) If the beneficial equity ownership of an independent director in the Company 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.

The temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate actions to remedy or correct the disqualification.

G. Duties and Functions of the Board of Directors.

To ensure a high standard of corporate governance practice for the Company, the Board of directors shall:

1. Implement a process for the selection of Board members who can add value and meaningfully contribute independent judgement to the formulation of sound corporate strategies and policies.

2. Establish clear corporate objectives and formulate sound business strategies for achieving them. Periodically evaluate and monitor the implementation of such strategies and policies, including the business plans, and operating budgets.
3. Select and appoint officers who are qualified to administer to the Company's affairs effectively and soundly, and to establish an adequate selection process. The Board shall apply at all times the fit and proper rule on the selection of key management personnel. Integrity, technical expertise, and experience in the Company's lines of business shall be the key considerations in the selection process. Moreover, adopt an effective succession plan to ensure management continuity.
4. Adopt appropriate human resource and development programs including an equitable compensation plan for all concerned.
5. Monitor, assess and control the performance of management. The Board of Directors shall put in place an appropriate reporting system so that it is provided with relevant and timely information to be able to effectively assess the performance of management.
6. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability.
7. Formulate and implement the necessary policies governing the Company's internal control system. Undertake the continuing review of such a system in order to maintain its adequacy and effectiveness.
8. Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.
9. Formulate and implement policies that would ensure the integrity and transparency of related party transactions between and among the Company and its subsidiaries, affiliated companies, directors, officers, stockholders, related interests (DOSRI), and joint ventures.
10. Conduct the affairs of the Company with a high degree of integrity. The Board of Directors shall prescribe corporate values, codes of conduct and other standards of appropriate behavior for itself, senior management and other employees.
11. Keep the individual members of the board and the shareholders fully informed with balanced and understandable assessment of the Company's performance, financial condition and prospects. An

investor relations program that reaches out to shareholders and fully informs them of the important developments in the Company shall likewise be set in place.

12. Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.
13. Keep the activities and the decisions of the Board within its authority under the Company's Articles of Incorporation and Bylaws, and in accordance with existing laws, rules and regulations.
14. Meet regularly and to allow independent views to be given full consideration, and all such meetings shall be recorded in appropriate minutes.
15. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision making and reporting processes at all times.
16. Assess annually its performance and effectiveness as a body, as well as its various committees, the chief executive officer and the Company itself. The composition of the board shall also be reviewed regularly with the end in view of having a balanced membership.
17. Prescribe a clear assignment of responsibilities and decision-making authorities. The Board of Directors shall establish in writing the limits of the discretionary powers of each officer, committee, and such other groups for the purpose of lending, investing or committing the Company to any financial undertaking or exposure to risk at any time.
18. Adopt and maintain an adequate risk management policy. The Board of Directors shall be responsible for the formulation and maintenance of written policies relating to the management of risks throughout the Company.
19. Ensure that the Company has a beneficial influence on the economy. The board has a continuing responsibility to provide those services and facilities that shall be supportive of the national economy. It shall identify the sectors in the community in which the Company operates or are directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them.

20. Effectively supervise the Company's affairs with the establishment of a system of checks and balances, the effectiveness of which shall be subject to regular review.
21. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
22. Appoint a Compliance Officer (CO) who shall have the rank of at least Manager.

H. Specific Duties and Responsibilities of a Director.

A director shall conduct his business transactions with the Company fairly and ensure that personal interest does not bias Board decisions. The basic principle to be observed is that a director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests.

1. To act honestly and in good faith, with loyalty and in the best interest of the Company, its stockholders, regardless of the amount of their stockholdings, and other stakeholders.
2. To devote time and attention necessary to properly discharge his duties and responsibilities. A director shall devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of the Company's condition and be knowledgeable enough to contribute meaningfully to the Board's work.
3. To act judiciously. Every director shall thoroughly evaluate the issues, ask questions and seek clarifications when necessary.
4. To exercise independent judgment. A director shall view each problem/situation objectively. When a disagreement with others occur, he shall carefully evaluate the situation and state his position. Corollary, he shall support plans and ideas that he thinks are beneficial to the Company.
5. To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-laws, the requirements of the BSP, SEC, and where applicable, the requirements of other regulatory agencies.
6. To observe confidentiality. A director shall observe the confidentiality of non-public information acquired by reason of his position as director.

7. To ensure the continuing soundness, effectiveness and adequacy of the company's control environment.
8. A director, before assuming as such, shall attend a seminar on corporate governance conducted by a duly recognized and accredited private or government institute.

I. Internal Control Responsibilities of the Board.

1. The Board shall ensure that the Company is appropriately and effectively managed and controlled. The minimum internal control mechanisms for the Board's oversight responsibility may include:
 - a) Defining the duties and responsibilities of the CEO.
 - b) Selecting or approving an individual with appropriate ability, integrity, and experience to fill the CEO role.
 - c) Reviewing proposed senior management appointments.
 - d) Ensuring the selection, appointment and retention of qualified and competent management.
 - e) Reviewing the Company's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.
2. The Company shall have in place an independent audit function, through which the Company's Board, senior management, and stockholders may be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The Board shall appoint a Chief Internal Auditor to carry out the audit function, and shall require the Chief Internal Auditor to report to the Audit Committee that will allow the internal audit function to fulfill its responsibilities.

The duties and responsibilities of the Chief Internal Auditor shall include the following:

- a) The development and implementation of an effective audit program covering both management operations and financial aspects of the Company.
- b) Submit to the Audit Committee an annual report on the Internal Audit Department's activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Committee.

- c) The annual report of the Chief Internal Auditor shall include significant risk exposure, control issues and such matters as may be needed or requested by the Board of Directors and Management.
- d) The appraisal and evaluation of financial records to prevent and detect frauds and errors.
- e) To constructively examine and analyze the organizational structure, plans and policies, financial and system controls, methods of operations and use of human and physical facilities to reveal defects or irregularities in any of the elements examined and to indicate possible improvements.
- f) Promote operational efficiency and adherence to prescribed management policies.
- g) Certify that the conduct of auditing activities is in accordance with the International Standards on the Professional Practice of Internal Auditing.

J. Board Meetings and Quorum Requirement.

- Members of the Board shall attend regular and special meetings of the Board in person. In view of modern technology, however, attendance at Board meetings through teleconference may be allowed.
- An independent director shall always be in attendance. However, the absence of an independent director may not affect the quorum requirements if he is duly notified of the meeting but deliberately and without justifiable cause fails to attend the meeting.
- To monitor compliance with the above requirement, the Company shall, at the end of every fiscal year, provide the SEC with a sworn certification that the foregoing requirement has been complied with. The said certification shall be submitted with the company's current report (SEC Form 17-C) or in a separate filing.
- The Company 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.

K. Remuneration of the Members of the Board and Officers.

- The levels of remuneration of the Company shall be sufficient to attract and retain the directors and officers needed to run the Company successfully. A proportion of executive directors'

remuneration may be structured so as to link rewards to corporate and individual performance.

- The Company shall establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors and officers. However, no director shall be involved in deciding his or her own remuneration.
- The Company's annual reports and information statements shall include a clear, concise and understandable disclosure of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly to all individuals serving as the CEO or acting in a similar capacity during the last completed fiscal year, and the Company's four (4) most highly compensated executive officers other than the CEO who were serving as executive officers at the end of the last completed year.

L. Board Committees.

The Board shall constitute Committees to assist in good corporate governance.

1. The **Audit Committee** is to act on behalf of the Board of Directors and shall provide oversight on the Company's financial reporting and control as well as internal and external audit functions. The Committee shall likewise provide oversight on the Company's Compliance function. The Committee shall be composed of at least three [3] Board members, two [2] of whom shall be independent directors, including the Chair, preferably with accounting and finance background. It shall have the following specific functions:
 - a) Provide oversight on the Company's internal and external auditors.
 - b) Review and approve the audit scope and frequency, and the annual internal audit plan.
 - c) Discuss with the external auditor before the audit commences the nature and scope of the audit.
 - d) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system.
 - e) Receive and review reports of internal and external auditors, the Compliance Officer, and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions, in a timely manner in addressing control and compliance issues with regulatory agencies.

- f) Review the quarterly, semi-annually, and annually, the financial statements before submission to the Board, focusing particularly on:
- 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 BSP, BIR and SEC requirements.
- g) Responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations.
- h) Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the company's total expenditure on consultancy. The non-audit work should be disclosed in the annual report.
- i) Establish and identify the reporting line of the Chief Internal Auditor so that the reporting level allows the internal audit activity to fulfill its responsibilities. The Chief Internal Auditor shall report directly to the Audit Committee functionally. The Audit Committee shall ensure that the internal auditors shall have free and full access to all the company's records, properties and personnel relevant to the internal audit activity. The internal audit activity shall be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.
- j) The Chairman of the Committee shall be an independent director. He shall be responsible for inculcating in the minds of the Board members the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

2. The Board may also constitute the following committees:

2.1 Corporate Governance, Nomination, Compensation and Remuneration Committee

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

Duties and Responsibilities

On Corporate Governance:

- Assist the board of directors in fulfilling its corporate governance responsibilities;
- Ensure the board's effectiveness and due observance of corporate governance principles and guidelines by issuing internal guidelines to be adopted that shall address the competing time commitments that are faced when directors serve on multiple boards;
- Make recommendation to the board of directors regarding the continuing education of directors, assignment to board committees, succession plan for board members and senior officers, and their remuneration commensurate with corporate and individual performance;
- Oversee the periodic evaluation of the board and its committees and executive management and conduct an annual self-evaluation of its performance by proposing to the board an objective criteria by which the board's performance may be evaluated. Such performance indicators shall address how the board has enhanced long term shareholder's value.

On Nomination:

- Pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the following qualifications and disqualifications:

On Compensation and Remuneration:

- Recommend for board approval the following matters:
- The policies on compensation and benefit plans for the employees, for the administration by the President and/or his authorized representatives. Benefits may include, but not limited to, salary levels, job levels, bonuses, profit share, leaves, insurance coverages, retirement and separation benefits.

- The compensation and benefits package shall be at all times performance based.
- The committee shall ensure the implementation of a comprehensive and competitive compensation and benefits package that includes all salient features and industry-wide compensation and benefits practices.
- These compensation and benefits plans for employees will be designed to motivate the employees and to retain the best professionals in the industry.
- When reviewing these plans, the committee may consider the following:
 - The combined value of all cash and non-cash benefits provided to the officer.
 - The compensation history of the individual and other individuals with comparable tenure, expertise and performance level at the institution.
 - The financial condition of the institution.
 - Industry practices, based upon factors such as asset size, geographic location, and the complexity of the business activities.
 - Compensation, emoluments and benefits due to the members of the Board of Directors and Advisory Board, subject to the provision in the By-laws.
 - Review the implementation of pre-approved compensation and benefits plans to ensure consistency and transparency in the administration of said programs.

2.2 The **Risk Management Committee** shall be responsible for the development and oversight of the Company's overall risk management program. The Committee shall be composed of at least three (3) members of the Board of Directors who shall possess a range of expertise as well as adequate knowledge of the Company's risk exposure.

M. The Corporate Secretary

The Corporate Secretary is an officer of the Company and shall be a Filipino citizen. He shall work and deal fairly and objectively with all the constituencies of the Company, namely, the Board, management, stockholders and other

stakeholders. He must have the legal skills of a chief legal officer, if he is not the general counsel. He should also have adequate administrative skills and the interpersonal skills of a human resources officer. The duties and responsibilities of the Corporate Secretary shall be the following:

- Issue advance notice of meetings and agenda, as well as to keep the minutes of all meetings of the stockholders of the Company and of the Board of Directors.
- Keep custody of the Stock Certificate Book, Stock and Transfer Book, the Corporate Seal, and other records, papers and documents of the Company.
- Prepare ballots for the annual election of directors, and keep a complete and up-to-date roll of the stockholders and their addresses.
- Submit to the Securities and Exchange Commission every 30th of January an annual certification on the attendance of the directors during the Board meetings and countersigned by the Chairman of the Board
- Ensure that Board procedures are being followed and the applicable rules and regulations are complied with.
- Attend all Board meetings.
- If he is also the Compliance Officer, he must perform all the duties and responsibilities of the said officer provided for in this Code of Corporate Governance issued by the Securities and Exchange Commission.

N. The Compliance Officer.

The Company's Compliance Officer (CO) shall be appointed by the Board of Directors and shall hold the rank of at least Manager. The CO shall have direct reporting responsibilities to the Chairman of the Board or to any Committee of the Board. The appointment of the CO shall immediately be disclosed to the SEC on SEC Form 17-C.

The duties and responsibilities of the Compliance Officer shall be the following:

- Monitor compliance with the provisions and requirements of this Manual;
- Appear before the Securities and Exchange Commission upon summon on similar matters that need to be clarified by the same;

- Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;
- Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same; and
- Identify, monitor and control compliance risks.

III. ADEQUATE AND TIMELY INFORMATION

To enable the members of the Company's Board of Directors to properly fulfill their duties and responsibilities, they shall be provided as follows:

- Management shall provide the Board members with complete, adequate and timely information about matters to be taken up during their meetings.
- The Board members shall have independent access to Management and the Corporate Secretary for all information to enable them to properly perform their duties and responsibilities.
- The information to be provided to the Board members may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.
- The Board members, either individually or as a body, shall have access to independent professional advice at the Company's expense.

IV. ACCOUNTABILITY AND AUDIT

- The Board is primarily accountable to the Company's stockholders. It shall provide the stockholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other price sensitive public reports, and reports to regulators as required by law.
- The Management in turn shall provide the Board of Directors with accurate and timely information. With the guidance of the Audit Committee, Management shall formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
 1. The extent of Management's responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the external auditor, shall be clearly explained.

2. Management shall maintain a sound system of internal control to safeguard stakeholders' investment and the company's assets.
 3. On the basis of approved audit plans, internal audit examinations shall cover, at the minimum:
 - The evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems.
 - The reliability and integrity of the Company's financial and operational information.
 - Effectiveness and efficiency of operations.
 - Protection of assets.
 - Compliance with contracts, laws, rules and regulations.
 4. The Company shall consistently comply with the financial reporting requirements of the SEC.
- The Board, through the Audit Committee, shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which financial statements have been prepared and presented.
 - The external auditor shall be rotated or changed every five [5] years or the signing partner of the external auditing firm assigned to the Company shall be changed with the same frequency.
 - The reason/s for the resignation, dismissal or cessation from service, and the effective date thereof, of an external auditor shall be reported in the Company's annual and current reports.
 - If an external auditor believes that the statements made in an annual report or information statement filed during his engagement are incorrect or incomplete, he shall also present his views in said reports.

V. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

- A. The Board of Directors shall be committed to respect the following rights of the stockholders:

1. Voting Rights

- Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- Cumulative voting shall be used in the election of directors.
- A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

2. Pre-emptive Right

- All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

3. Power of Inspection

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

4. Right to Information

- The shareholders shall be provided, upon request with information about the Company's directors and officers, their holdings of the Company's shares, and dealings with the Company.
- The minority shareholders shall have access to any information relating to matters for which the management is accountable.
- The minority shareholders shall be granted the right to propose items in the agenda of the meeting provided the items is for legitimate business purposes.

5. Right to Dividends

- α. Shareholders shall have the right to receive dividends subject to the discretion of the Board of Directors.

- β. The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital except;
 - i. When the Company is prohibited under any loan agreement with any financial institution or creditor to declare dividends without its consent and such consent has not been secured.
 - ii. When such retention is clearly necessary under special circumstances obtaining in the Company, such as a need for special reserves for possible contingencies.
 - iii. When justified by definite corporate expansion projects or programs approved by the Board.

6. Appraisal Right

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

- ▶ In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares or of authorizing preferences in any respect superior to those of outstanding shares of any class.
 - ▶ In case of the disposition of all or substantially all of the corporate property and assets as provided for in the Corporation Code.
 - ▶ In case of sale, lease, exchange, transfer, mortgage, pledge or other merger or consolidation or the extension or shortening the term of corporate existence.
- B. The Board of Directors shall be transparent and fair in the conduct of the annual and special stockholders' meetings.
- a. The stockholders shall be encouraged to attend personally or by proxy such meetings of the stockholders.
 - b. The rights of the stockholders shall be promoted and impediments to the exercise of those rights shall be removed. An adequate avenue shall be provided for the stockholders to seek timely redress for breach of such rights.

- c. Appropriate steps shall be taken to remove excessive or unnecessary costs and other administrative impediments to the stockholders' participation in meetings whether in person or by proxy.
- d. Accurate and timely information shall be made available to the stockholders to enable them to make sound judgement on all matters brought to their attention for consideration or approval.

VI. GOVERNANCE SELF-RATING AND SCORECARD

- A. The Board of Directors shall implement a self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Code of Corporate Governance.
- B. The Company shall accomplish the annual Corporate Governance Scorecard as may be prescribed and required by the SEC.

VII. DISCLOSURE AND TRANSPARENCY

The essence of good corporate governance is transparency.

- A. All material information, both financial and non-financial, about the Company which may adversely affect its viability or the interests of the stockholders shall be publicly and timely disclosed.
- B. All such information shall be disclosed through the appropriate disclosure mechanisms of the Philippine Securities Exchange and submissions to the Securities and Exchange Commission.

VIII. COMMUNICATION PROCESS

- This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.
- The Board of Directors and management of the Company shall ensure the dissemination of this Manual to all employees and related parties, and to likewise enjoin compliance in the process.

IX. MONITORING AND ASSESSMENT

- The Board of Directors shall establish an evaluation system to determine and measure compliance with this manual and the level of performance of the Board of Directors and top level management.

- The developed evaluation system, including the features thereof, shall be disclosed in the Company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Company.
- This Manual shall be subject to at least an annual review by the Corporate Governance Committee of the Board of Directors.

X. PENALTIES FOR NON-COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE AND THE MANUAL OF CORPORATE GOVERNANCE.

- The Company shall be imposed a fine of not more than Two Hundred Thousand Pesos [P200,000.00] by the SEC for every year that it violates the Code of Corporate Governance, without prejudice to other sanctions that the Commission may be authorized to impose under the law.
- Directors, officers, and staff of the Company who willfully violate the provisions of the Code and of this Manual shall, after due notice, hearing, and review, be subject to penalties and/or sanctions as may be imposed by the Board of Directors.