

MANUAL ON GOOD CORPORATE GOVERNANCE

TRANS-ASIA PETROLEUM CORPORATION

We, the Board of Directors and Management, i. e. officers and staff, of *TRANS-ASIA PETROLEUM CORPORATION* (the "Corporation") hereby commit ourselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

1 OBJECTIVE

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

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

2 COMPLIANCE SYSTEM

2.1. Compliance Officer

2.1.1. To ensure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. The Compliance Officer shall have reporting responsibilities to the Chairman of the Board in accordance with the procedure duly approved by the Board.

2.1.2 He shall perform the following duties:

- Monitor compliance by the Corporation with the Revised Code of Corporate Governance ("Code") and the rules and regulations of regulatory agencies;
- Appear before the Securities and Exchange Commission upon summon on matters in relation to compliance with the Code;
- Determine violation/s of the Code and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

- Issue a certification every 30th day of January 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, if any;

2.1.3 The appointment of the compliance officer shall be immediately disclosed to the Securities and Exchange Commission (the "Commission") on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

2.2. Plan of Compliance

2.2.1. Board of Directors

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

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

2.2.1.1 Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members and shall have at least three (3) independent directors or at least thirty percent (30%) of the total number of directors of the corporation, whichever is higher, but in no case less than three (3).

The board members shall 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 shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

2.2.1.2. General Responsibility

A director's office is one of trust and confidence. He shall act in the best interest of the corporation, its shareholders and other stakeholders in a manner characterized by transparency, accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

2.2.1.3 Specific Duties and Functions

To ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders, the Board shall:

- Install a process of selection to ensure a mix of competent directors and officers.
- Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives.
- Provide sound strategic policies and guidelines to the corporation on major capital expenditures.
- Establish programs that can sustain its long-term viability and strength and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
- Require that the Corporation comply with all relevant laws, regulations and codes of best business practices.
- Identify the corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective communications program, which shall be under the supervision of the Chief Executive Officer.
- Identify the sector's in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- Adopt a system of internal checks and balances including a continuing review of the corporation's internal control systems.
- Formulate policies and procedures that will ensure the integrity and transparency of related party transactions.
- Establish and maintain an alternative dispute resolution system for the amicable settlement of conflicts and differences among all stakeholders including the regulatory authorities.

- Appoint a Compliance Officer. In the absence of such appointment, the Corporate Secretary shall act as Compliance Officer.
- Identify key risk areas and key performance indicators and monitor these factors with due diligence.
- Properly discharge Board functions by meeting regularly. Independent directors shall, as much as possible, always attend Board meetings. The Board may also require the presence of at least one independent director in its meetings to promote transparency.
- Independent views during Board meetings shall be given due consideration and all meetings shall be duly minuted.
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and existing laws, rules and regulation.
- Define the clear delineation of roles, duties, and responsibilities of the Chair and the Chief Executive Officer as necessary, integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times. Proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives if the positions of Chair and CEO are unified.
- Require Management to provide the Board with complete, adequate and timely information about the matters to be taken in their meetings to enable the Board to properly fulfill their duties and responsibilities. The Board shall also have independent access to Management and the Corporate Secretary including access to independent professional advice at the corporation's expense in furtherance of their duties and responsibilities.
- Make available to the company's stockholders, via multiple channels, 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.

2.2.1.4. Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- To exercise that degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in an honest belief that the action was taken in the best interest of the Corporation.
- To devote time and attention necessary to properly discharge his duties and responsibilities;
- To act judiciously;
- To exercise independent judgment;
- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.
- To observe confidentiality;
- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.
- To conduct business transactions with the Corporation, if any, in a manner that is fair and ensures that personal interest does not bias Board decisions;

2.2.2. Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute standing committees which shall directly report to the Board in accordance with procedures duly approved by the Board.

2.2.2.1 Nominations and Governance Committee

The Board shall create a Nominations and Governance Committee which shall have at least three (3) Directors (one of whom must be independent). In carrying out its duties, the Nominations and Governance Committee may request the assistance of the HR Director/Manager of the Corporation.

2.2.2.1.1. The Nominations and Governance Committee shall pre-screen and shortlist all candidates nominated to become members of the board of directors in accordance with the following qualifications and disqualifications:

Qualifications

- He shall be the holder of at least one (1) share of stock of the Corporation ;
- He shall be at least a college graduate and shall have practical understanding of the business of the corporation;
- He shall be at least twenty one (21) years of age;
- He shall possess integrity and probity;
- He shall be a member of good standing in a relevant industry, business or professional organization;
- He shall be diligent;
- He shall possess previous business experience.

Permanent Disqualifications

- 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;
- 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, quasibank, 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 that govern securities and banking activities.

- Any 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;
- Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or who has filed a materially false or misleading application, report or registration statement required by the Commission or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;
- Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- Any person judicially declared insolvent;
- Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code.

Any of the following shall be a ground for the temporary disqualification of a director:

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- Absence or non-participation without justification for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during the said incumbency unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;
- Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds 2% of its subscribed capital stock; the disqualification shall be lifted if the limit is later complied with;
- Conviction that has not yet become final for any of the acts or violations referred to in the grounds for disqualification of directors.

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

However, a regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an independent director after a two (2) year “cooling-off” period.

Likewise, persons appointed as Chairman Emeritus , Ex-officio director/officers or members of any executive advisory board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities shall be subject to a one (1) year “cooling-off” period prior to his qualification as an independent director.

2.2.2.1.2. The Nominations and Governance Committee shall consider the following guidelines in the determination of the availability of a director to serve as such:

- the nature of the business of the corporations of which he is a director;
- age of the director;
- number of directorships/active memberships and officerships in other corporations or organizations;
- possible conflict of interest
- experience from other boards;
- experience as chief executive officer or chief operating officer;
- knowledge of finance;
- knowledge of accounting;
- knowledge of the industry of the Corporation;
- knowledge of the local and international market and strategic vision;
- contacts of value to the Corporation

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

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

2.2.2.1.4 The findings and recommendations of the Nominations and Governance Committee shall be submitted to the Board for approval; provided that a director whose qualifications are in issue shall not have the right to vote when the Board considers his case.

2.2.2.2. Compensation Committee

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

2.2.2.2.2 Duties and Responsibilities

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for

fixing the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.

- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board of Directors.
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties once hired.
- Disallow any director to decide his or her own remuneration.
- Provide in the Corporation's annual reports prescribed by the Commission, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year, consistent with the guidelines of the Commission.
- Review the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefit policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be met periodically in their respective posts.
- Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

2.2.2.3. Audit and Risk Management Committee

2.2.2.3.1 The Audit and Risk Management Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director who shall be the Chairman. Each member shall have at least adequate understanding of the Corporation's financial management systems and environment.

2.2.2.3.2 Duties and Responsibilities

- Check all financial reports against its compliance with both the internal financial management systems and pertinent accounting standards, including regulatory requirements.
- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management.
- Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Corporation's annual report;
- Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on any change/s in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards and compliance with tax, legal and regulatory requirements.
- Perform direct interface functions with the internal and external auditors.
- Ensure that the internal and external auditors act independently from each other and that both auditors are

given unrestricted access to all records, properties and personnel for the performance of their respective functions.

- Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
 - a. A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant.
 - b. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- Develop a transparent financial management system to ensure the integrity of internal control activities throughout the company through a step-by-step procedure and policies handbook that will be used by the entire organization.
- Supervise, as directed by Management, the formulation of rules and procedures on financial reporting, internal control systems, internal audit examinations, compliance with financial reporting requirements and appointment of the external auditor in accordance with the guidelines under the revised Code for the benefit of all stockholders and other stakeholders.

2.3.3. The Corporate Secretary

2.3.3.1 The Corporate Secretary is an officer of the Corporation and must faithfully perform the duties of the office to the best of his ability. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity comes with his duties.

2.3.3.2 The Corporate Secretary shall be a Filipino citizen.

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

2.3.3.4. Duties and Responsibilities

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
- As to the agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations and work fairly and objectively with the Board, Management, stockholders and other stakeholders.
- Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents prevent him from doing so, and maintain record of the same.
- Submit to the Commission, every 30th day of January, an annual certification as to the attendance of the directors during Board meetings signed by the corporate secretary and countersigned by the chairperson of the board of directors.
- If concurrently also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the Code.

2.3.4. External Auditor

2.3.4.1. The external auditor, through his designated role and responsibility, shall contribute to the enablement of good corporate governance as reflected in the financial records and reports of the Corporation. The external auditor shall undertake an independent audit which provides reasonable and objective assurance on the way the Corporation's financial statements have been prepared and presented. The external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee duly endorsed by the Board of Directors. The external auditor shall be required to stipulate his duties and responsibilities to the Corporation.

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

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

2.3.4.4. The Corporation's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

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

2.3.5. Internal Auditor

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

2.3.5.2. The Audit Committee may require the Internal Auditor to periodically report to such Committee as may be necessary and submit its annual report on its activities, responsibilities and performance.

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

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

3 COMMUNICATION PROCESS

- 3.1. This Manual shall be available for inspection by any stockholder of the Corporation at reasonable times on business days.
- 3.2. The Compliance Officer shall provide copies of the Manual to all directors, division and department heads, shall ensure a thorough

dissemination of this Manual to all employees and related third parties, and shall enjoin compliance in the process.

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

4 TRAINING PROCESS

- 4.1 If necessary, funds shall be allocated by the Board, upon recommendation of the CFO or its equivalent officer for the purposes of conducting an orientation program or workshop to operationalize this Manual.
- 4.2 A director shall be required to attend a seminar on corporate governance conducted by a duly recognized private or government institute, before assuming as such, or within a period of six (6) months from the date of his election.

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

- 5.1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer.
- 5.2. All material information, i.e., anything that could potentially affect share price or adversely affect its viability or the interests of its stockholders and other stakeholders shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors, and changes of ownership.
- 5.3. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.
- 5.4. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
- 5.5. The Board shall commit at all times to fully disclose material information. It shall cause the filing of all required information through the appropriate Exchange mechanisms and submissions to the Commission for the interest of its stockholders and other stakeholders.
- 5.6. The Corporation shall not communicate material non-public information about the Corporation to any person other than those enumerated below,

unless the Corporation is ready to simultaneously disclose the material non-public information to the Exchange:

- 5.6.1 A person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and
- 5.6.2 A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

The Corporation shall establish and implement internal controls that will require its officers, staff and any other person who is privy to the material non-public information to comply with the above requirement.

6 SHAREHOLDERS' BENEFIT

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

6.1 INVESTORS' RIGHTS AND PROTECTION

6.1.1 Rights of Investors/Minority Interests

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

6.1.2 Voting Right

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

6.1.2.2 Cumulative voting shall be used in the election of directors.

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

6.1.3 Pre-emptive Right

All shareholders shall have pre-emptive rights in accordance with law, 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.

6.1.4 Power of Inspection

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

6.1.5 Right to Information

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

6.1.5.2 The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

6.1.5.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.

6.1.6 Right to Dividends

6.1.6.1 Shareholders shall have the right to receive dividends subject to the discretion of the Board.

6.1.6.2 The Corporation shall be compelled to declare dividends when its distributable retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite

corporate expansion projects or programs approved by the Board or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

6.1.7 Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

6.1.8 It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

6.1.9 The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall 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 stockholder's favor.

7 **MONITORING AND ASSESSMENT**

- 7.1. Each Committee shall report regularly to the Board of Directors.
- 7.2. The Compliance Officer shall establish an evaluation system to determine the measure of compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Manual.
- 7.3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.
- 7.4. This Manual shall be subject to periodic review by the Board.
- 7.5. All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

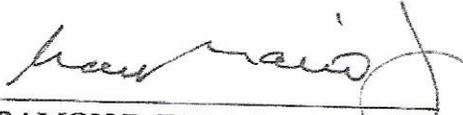
8 **PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL**

To strictly observe and implement the provisions of this Manual, the Board of Directors may impose the penalties, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation.

The commission of a grave violation of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

Approved by the Board on April 23, 2014.

Paragraphs 2.2.1.3 (1) and (8), 2.2.2.3.2 (14), 2.3.3.4 (3) and 5 (2) amendments approved by the Board on September 22, 2014.



RAMON R. DEL ROSARIO, JR.
Chairman of the Board