

MANUAL ON CORPORATE GOVERNANCE

I. INTRODUCTION

The purpose of this manual is to provide a structure for efficient corporate governance for our organization. To guarantee that our firm runs ethically, effectively, and in accordance with relevant rules and regulations, effective corporate governance is crucial. This manual offers guidance for the governance framework, rules, and practices that will influence the general management and direction of our business.

The manual outlines the roles and responsibilities of the Board of Directors and the executive management team, establishes a code of ethics and integrity, provides guidance on risk management and compliance, and establishes mechanisms for stakeholder engagement and performance monitoring and evaluation.

This organization is based on the faith and trust of our clients, staff, shareholders, and regulators. Maintaining this trust and confidence as well as safeguarding our organization's long-term viability and success depend heavily on effective corporate governance.

This manual is intended to be a living document that will be regularly reviewed and revised to ensure its relevance and effectiveness over time. It is the responsibility of all employees, including the Board of Directors and the executive management team, to uphold the principles and values set forth in this manual and to promote a culture of transparency, accountability, and ethical behavior throughout our organization.

II. OBJECTIVE

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

III. DEFINITION OF TERMS

The following terminologies will be a helpful tool for the users of this Policy:

Corporate Governance- refers to the system of rules, practices, and processes by which a company is directed and controlled. It encompasses the relationships between a company's management, its board of directors, its shareholders, and other stakeholders, and establishes the framework for decision-making and accountability within the organization.

Board of Directors- the governing body elected by the stockholders that exercises the corporate powers of Medicare Plus Inc., conducts all its business, and controls its properties.

Management - members of the Executive Committee given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of Medicare Plus Inc.,

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.

Executive director - a director who has executive responsibility for the day-to-day operations of Medicare Plus Inc.

Non-executive director- a director who has no executive responsibility and does not perform any work related to the operations of Medicare Plus Inc.

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 objectives through efficient and effective operations; reliable, complete, and timely financial and management information; and compliance with applicable laws, regulations, and company's policies and procedures.

Enterprise Risk Management - a process, effected by the 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.

Related Party - shall cover Medicare Plus Inc.'s subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates, and special purpose entities), that Medicare Plus Inc. exerts direct or indirect control over or that exerts direct or indirect control over Medicare Plus Inc; Medicare Plus Inc'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 interests may pose a potential conflict with the interest of Medicare Plus Inc.

Related Party Transactions - a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to 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.

Shareholder or Stockholder - refers to an owner of a share of stock in Medicare Plus Inc.

Stakeholders - any individual, organization, or society at large who can either affect and/or be affected by Medicare Plus Inc.'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.

IV. ASEAN CORPORATE GOVERNANCE SCORECARD (ACGS) AND IC ANNUAL CORPORATE GOVERNANCE REPORT (ACGR)

In an Advisory dated May 3, 2013, and Circular Letter (CL) 14-2013 dated July 1, 2013, Insurance Commissioner Emmanuel F. Dooc

prescribed the adoption of the ASEAN Corporate Governance Scorecard (ACGS) by insurance companies and mutual benefit associations (MBAs). The ACGS replaced the Corporate Governance Scorecard (CGS) required under Circular Letter (CL) 21-2009, dated August 12, 2009. However, it would be two years later under CL 2015-23, dated May 8, 2015, when the Guidelines on Compliance with the ACGS would be provided. In the most recent CL 71-2020, the Commission announced the Revised Code of Corporate Governance (the “Code”) for Insurance Commission Regulated Companies (ICRCs).

The Code is intended to ensure that the corporate governance standards of ICRCs are of a level at par with its regional and global counterparts. The latest G20/ Organization for Economic Co-operation and Development Principles of Corporate Governance, the Association of Southeast Asian Nations Corporate Governance Scorecard, and the Code of Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission (SEC) were used as key reference materials in the drafting of the Code. The Code will adopt the “comply or explain” approach. If a company cannot comply with the Code, it must identify any areas of non-compliance, explain the reasons, and provide an action plan to address non-compliant areas in the Annual Corporate Governance Report (ACGR).

The Code is arranged as follows: Principles, Recommendations, and Explanations. The principles can be considered as high-level statements of corporate governance good practice, and apply to all ICRCs. The Recommendations are objective criteria that are intended to identify the specific features of corporate governance good practice that are recommended for companies operating according to the Code. Alternatives to a Recommendation may be justified in particular circumstances if good governance can be achieved by other means. When a Recommendation is not complied with, the company must disclose and describe the non-compliance, and explain how the overall Principle is being achieved. The alternative should be consistent with the overall Principle. The annual corporate governance report shall contain the descriptions and explanations written in plain language and a clear, complete, objective, and precise manner so that shareholders and other stakeholders can assess the company's governance framework. The Explanations strive to provide companies with additional information on the recommended best practice.

Two (2) copies of a fully accomplished ACGR shall be filed with the Insurance Commission on or before May 30 of the following year. Each copy of the ACGR shall be duly notarized and shall bear the original and manual signatures. The ACGR shall be certified under oath by (1) Chairman of the Board; (2) CEO or President; (3) All Independent Directors; (4) Corporate Governance Compliance Officer; and (5) Corporate Secretary. The ACGR shall cover all relevant information from January to December of the given year.

V. COMPLIANCE SYSTEM

1. BOARD OF DIRECTORS

The Board shall be composed of at least **five (5)**, but not more than **fifteen (15)**, members who are elected by the shareholders. It shall be

headed by a competent and qualified Chairperson. It shall be composed of directors with a collective knowledge, experience or expertise that is relevant to the company's industry.

There must be an appropriate mix of competence and expertise in the Board and its members remain must qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

A. Composition of the Board

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. The Board shall have at least two (2) independent Directors or such independent Directors as shall constitute at least twenty (20) percent of the members of such Board, whichever is higher.

B. Specific Duties and Function

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

- 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 directors, key officers, and Management; and adopt a retirement policy for directors and key officers. Review, monitor and oversee the implementation of the corporate strategy at least once a year.
- 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; and oversee the development of, approve, monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance. Implement the process for selection of independent directors.
- 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 shareholders informed of important developments in the corporation, to ensure constant engagement and communication with its shareholders. If feasible, the Corporation's Chief Executive Officer or Chief Financial Officer shall exercise oversight responsibility over this program.
- e. Identify the stakeholders and sectors 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, including providing a mechanism on their fair treatment, protection and the enforcement 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. In accordance with the Enterprise Risk Management Framework, identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate, prepare, and manage 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 and other unusual or infrequently occurring transactions, which pass the materiality threshold, between and among the Corporation and its 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 and Compliance Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- j. Establish and maintain alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders, 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. Establish an effective performance evaluation framework, which includes the standard or criteria for assessment that will ensure that the Management, including the Chief Executive Officer or his equivalent, and personnel's performance is at par with the standards set by the Board and Senior Management.
- n. Appoint a Compliance Officer who shall have the rank of at least vice president or its equivalent.

C. Duties and Responsibilities of a Director

Directors have a critical role in the governance of a company and are responsible for overseeing the management of the company's affairs. The duties and responsibilities of a director typically include the following:

- a. Act on a fully informed basis, in good faith, and with due diligence and care (Duty of Care);
- b. Act in the interest of the company and all its shareholders/members, and not those of the controlling group or any other stakeholder (Duty of Loyalty);
- c. Promote the value of the corporation (Fiduciary Duty);
- d. Conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions. As such, a director with a material or potential interest in any transaction affecting the corporation should fully disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction;
- e. Devote time and attention necessary to properly discharge his duties and responsibilities;
- f. Before accepting a directorship in another company, to notify the Board and assess whether his present responsibilities and commitment to the Company will be affected;
- g. Act judiciously;
- h. Exercise independent judgment;
- i. Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and ByLaws, the requirements of the Securities and Exchange Commission (the "Commission"), and where applicable, the requirements of other regulatory agencies;
- j. Observe confidentiality;
- k. Ensure the continuing soundness, effectiveness and adequacy

of the Corporation's control environment; and

1. Accomplish the Board Effectiveness Questionnaire annually or as often as the Compliance Officer or the proper regulatory authority would require.

D. The Chairman of the Board

The roles of Chairman of the Board and Chief Executive Officer 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 Chairman and Chief Executive Officer upon their election.

If the positions of Chairman and Chief Executive Officer 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 Chairman shall be a Director who shall have the following duties in addition to the above:

- 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 firsttime directors and continuing training opportunities for all directors; and
- f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

E. Independent Director

Independent directors are individuals who are appointed to the Board of Directors of a company but do not have any material relationships or affiliations with the company or its management. They are not employed by the company or its affiliates and are not involved in any significant business transactions with the company. Independent directors are considered to be impartial and objective, which makes them important contributors to the overall effectiveness of the Board

of Directors. Their primary responsibility is to represent the interests of shareholders and provide independent oversight of the company's management team. Independent directors are typically appointed for a specific term and are subject to the same fiduciary duties as other members of the Board of Directors. They are required to attend Board meetings, participate in decision-making processes, and contribute to the overall governance of the company.

F. Executive and Non-Executive Directors

a. Executive Directors

Executive directors are individuals who are employed by the company and are part of its management team. They are responsible for the day-to-day operations of the company and are involved in making strategic decisions that impact the company's performance. Executive directors are usually appointed to the Board of Directors because of their experience and expertise in managing the company's operations. They may also have a significant stake in the company's success, which aligns their interests with those of the shareholders.

b. Non-Executive Directors

Non-executive directors are individuals who are not part of the company's management team but may be appointed to the Board of Directors because of their expertise in a particular field that is relevant to the company's operations. They are not employed by the company and do not have any day-to-day operational responsibilities. Non-executive directors are responsible for providing independent oversight of the company's management team and ensuring that the company is operating in the best interests of its shareholders. They may also provide guidance and advice on strategic decisions and help to ensure that the company is compliant with relevant laws and regulations.

G. Lead Independent Director

The Board of Directors shall appoint a lead director among the independent directors if the Chairperson of the Board is not independent, including if the positions of the Chairperson of the Board and Chief Executive Officer are held by one person.

The Lead Independent Director shall serve as intermediary between the Chairperson and the other directors when necessary, shall convene and chairs meetings of the Non-Executive Directors; and shall contribute to the performance evaluation of the Chairperson, as required.

H. Remuneration

Remuneration for board members is a key component of corporate governance and is an important consideration for companies when setting compensation for their directors. Board members are responsible for overseeing the company's strategic direction, managing risk, and ensuring that the company is operating in the

best interests of its shareholders. Therefore, it is important that their remuneration is fair and transparent and aligns with the company's objectives.

The remuneration of board members typically includes a combination of cash compensation, equity-based compensation, and other benefits. Cash compensation may include base salary, board meeting fees, and committee fees. Equity-based compensation may include stock options, restricted stock units, or other forms of equity ownership. Other benefits may include retirement benefits, health insurance, and other perks.

In determining remuneration that is aligned with performance, the Board considers the following key factors: 1) level of remuneration must be commensurate to the role; 2) no director should participate in the determination of his own per diem or compensation; and 3) remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.

I. Meetings of the Board of Directors

Members of the Board should attend and actively participate in all meetings of the Board, Committees they are member of, and shareholders whether in person or through tele-/videoconferencing, unless prevented by illness, death in the immediate family, serious accidents, or other analogous causes.

In Board and Committee meetings, the directors should review meeting materials and if necessary, are expected to ask the necessary questions or to seek clarifications and explanations.

2. BOARD COMMITTEES

To aid in complying with the principles of good corporate governance, the Board shall constitute the following committees: 1) Audit Committee; 2) Corporate Governance Committee; 3) Board Risk Oversight Committee; and 4) Related Party Transactions Committee

A. Audit Committee

The Audit Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The Audit Committee has the following duties and responsibilities, among others:

a. Financial Oversight

The Audit Committee oversees the financial reporting process of the company and reviews the annual financial

statements to ensure their accuracy and completeness. They also monitor the company's internal controls and risk management practices.

b. External Audits

The Audit Committee is responsible for selecting and overseeing the work of the external auditors, ensuring that they are independent and have the necessary expertise to conduct the audit effectively.

c. Compliance

The Audit Committee ensures that the company complies with all applicable laws, regulations, and internal policies, particularly those related to financial reporting and accounting practices.

d. Internal Audit

The Audit Committee may also oversee the work of the company's internal audit function, ensuring that it is adequately staffed and has the necessary resources to carry out its duties effectively.

e. Risk Management

The Audit Committee reviews the company's risk management practices and assesses the adequacy of its internal controls, ensuring that any identified risks are adequately managed.

f. Reporting

The Audit Committee reports regularly to the full board on its activities, findings, and recommendations. It may also be responsible for preparing the Audit Committee Report in the company's annual report.

B. Corporate Governance Committee

Each Board shall create a Corporate Governance Committee (CG Committee) which shall have at least three (3) members of the Board, a majority of whom should be an independent Directors, including the Chairperson.

The Corporate Governance 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 of operations

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 the executive management, and conducts an annual evaluation of the said performance;
- c. Ensures that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d. Recommends the continuing education/training programs for directors, assignment of tasks/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. Establishes a formal and transparent procedure for determining the remuneration of directors and officers that is consistent with the corporation's culture and business strategy as well as the business environment in which it operates; and
- f. Determines the nomination and election process for the company's directors and defines the general profile of board members that the company may need, and ensures that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election.
- g. The Corporate Governance Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the following qualifications and disqualifications:

Qualifications:

- Possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile;
- Have a record of integrity and good repute;
- Have sufficient time to carry out their responsibilities; and
- Have the ability to promote a smooth interaction between board members.

Grounds for disqualification

Permanently Disqualified

- Persons who have been convicted by final judgment of the court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft;
- Persons who have been convicted by final judgment of the court for violation of insurance laws;
- Persons who have been judicially, declared insolvent, spendthrift or unable to enter into a contract; or
- Directors, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the insurance Commission.

Temporarily Disqualified

- Persons who refuse to fully disclose the extent of their business interests when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission. This disqualification shall be in effect as long as the refusal persists;
- Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special of the Board of Directors during their incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding elections;
- Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executory;
- Directors and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission; E. Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification of the Insurance Commission;
- Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar;

- Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;
- Those under preventive suspension;
- Persons with derogatory records with the NBI, court, police, Interpol and insurance authorities of other countries (for foreign directors) involving violation of any law, rule or regulation of the government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of an insurance director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity;
- Persons who are delinquent in the payment of their obligations as defined hereunder:
 - Delinquency in the payment of obligations means that obligations of a person with the insurance company or its related companies where he/she is a director or officer; or at least two obligations with other insurance companies, under different credit lines or loan contracts;
 - Obligations shall include all borrowings from an insurance company, or its related companies obtained by:
 - A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorser, or surety for loans from such institutions;
 - The spouse or child under the parental authority of the director or officer;
 - Any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a director or officer;
 - A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
 - A corporation, association or firm wholly owned or majority of the capital is contributed by any or a group of persons mentioned in the foregoing items 1,2, and 4.

This disqualification should be in effect as long as the delinquency persists.

- h. Nomination of Directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting.
- i. All nomination for Directors and Independent Directors to be elected by the shareholders shall be submitted in writing to the Corporate Secretary of the Corporation at its principal office not earlier than ninety (90) business days nor later than eighty (80) business days prior to the date of the regular or special meeting of shareholders for the election of directors. Nominations that are not submitted within such nomination period shall not be valid. Only a shareholder of record entitled to notice of and to vote at the regular or special meeting of the shareholders for the election of directors shall be qualified to nominating be nominated and elected a director of the Corporation.
- j. All nominations shall be signed by the shareholders together with the acceptance and conformity by the would-be nominees.
- k. The nominations shall thereafter be submitted to the Corporate Governance Committee, which shall convene to determine the qualification of the nominees for Directors and Independent Directors. After convening, the Corporate Governance Committee shall prepare a Final List of Candidates which shall contain all the required information about all the nominees for Directors, which list shall be made available to the Commission and to all shareholders as required by pertinent laws, rules and regulations or in such other reports the Corporation is required to submit to the Securities and Exchange Commission
- l. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting, except in those circumstances allowed by law, rules and regulations.
- m. In consultation with the Executive or Management Committee/s, the Corporate Governance Committee shall redefine the role, duties and responsibilities of the Chief Executive Officer by 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
- n. 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.

C. Board Risk Oversight Committee

Board shall create a Board Risk Oversight Committee (BROC) which shall have at least three (3) members of the Board, a majority of whom should be an independent Directors, including the Chairperson. The Chairman of BROC is not the Chairman of the Board of any other committee.

The Committee should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. It has the following duties and functions, among others:

- a. The BROC should review and approve the organization's risk management policies and procedures, including the risk appetite and risk tolerance levels.
- b. The committee should assess the effectiveness of the organization's risk management activities, including identifying, assessing, monitoring, and mitigating risks.
- c. The BROC should review and approve the organization's risk management reporting, including the key risk indicators (KRIs) and other risk-related metrics.
- d. The committee should oversee the risk management activities of the organization's senior management, including the Chief Risk Officer (CRO) or equivalent.
- e. The BROC should review and approve the organization's business continuity and crisis management plans.
- f. The BROC should hold regular meetings to discuss risk management issues and to review reports from the organization's senior management and risk management staff.
- g. The committee should provide guidance and advice to the organization's senior management and risk management staff on risk management matters.
- h. The BROC should ensure that the organization's risk management activities are aligned with the organization's overall strategic objectives.
- i. The committee should communicate with the full board of directors on risk management matters, including any significant risk issues that require the board's attention.

D. Related Party Transactions Committee

The Board shall establish a Related Party Transactions (RPT) Committee which should be composed of at least three (3) non-

executive directors, two (2) of whom should be independent, including the Chairman.

RPT Committee is tasked with reviewing all material related party transactions of the company. It has the following specific duties and functions:

- a. Review and approve related party transactions: The RPTC should review and approve all related party transactions that exceed a certain threshold of materiality.
- b. Monitor and assess related party transactions: The RPTC should monitor and assess all related party transactions to ensure that they are conducted at arm's length and on terms no less favorable than those available to unrelated third parties.
- c. Develop and implement policies and procedures: The RPTC should develop and implement policies and procedures for identifying, disclosing, and approving related party transactions, including processes for identifying potential conflicts of interest and disclosing them to the board.
- d. Evaluate and report on related party transactions: The RPTC should evaluate the materiality of related party transactions and report to the board on their nature, purpose, and value.
- e. Maintain independence and objectivity: The RPTC should maintain its independence and objectivity in assessing related party transactions and ensure that any conflicts of interest are disclosed and addressed appropriately.
- f. Liaise with auditors: The RPTC should liaise with the auditors to ensure that all related party transactions are properly disclosed and accounted for in the financial statements

3. BOARD DIVERSITY

The Company adopts a policy on Board diversity. It recognizes the value and importance of diversity in all its forms, including but not limited to race, ethnicity, gender, age, religion, sexual orientation, and experience, as it relates to the effective functioning of the Board and the success of the Company. Therefore, the Board adopts the following policy regarding Board diversity:

A. Objective

The objective of this policy is to ensure that the Board is composed of individuals who possess a broad range of perspectives, experiences, and backgrounds that will enhance the quality of Board deliberations and decision-making.

B. Board Composition

The Board shall be composed of a diverse group of individuals who have the necessary skills, qualifications, and experience to govern the Company effectively.

C. Board Recruitment

The Nominating and Governance Committee of the Board shall consider diversity in identifying and recruiting candidates for Board membership. The Committee shall actively seek out qualified candidates from diverse backgrounds and shall consider diversity as one of the factors in its selection process.

D. Board Self-Assessment

The Board shall regularly assess its performance, including its diversity, to ensure that it is meeting its objectives and goals.

E. Reporting

The Company shall report on its progress toward achieving diversity on the Board in its annual proxy statement, including the gender, race, and ethnicity of each Board member.

F. Accountability

The Nominating and Governance Committee of the Board shall be responsible for overseeing the implementation of this policy and reporting regularly to the Board on its effectiveness.

The Board of Directors believes that a diverse Board is essential to achieving its strategic objectives and maintaining the trust of its stakeholders. This policy reflects the Board's commitment to diversity and its recognition of the value that diversity brings to the Company.

4. ONBOARDING ORIENTATION AND CONTINUING TRAINING FOR DIRECTOR

Newly-elected directors shall attend a corporate governance orientation program of at least eight (8) hours provided by an SEC-accredited training provider, as soon as practicable thereafter. If a newly-elected director should have already attended such training, the same shall serve as compliance with this requirement.

Nevertheless, the Compliance Officer shall at all times ensure that newly-elected directors are oriented on the Company's Articles of Incorporation, By-Laws, Manual of Corporate Governance, and Code of Business Conduct, among others.

On annual basis, directors are required to undergo training of at least four (4) hours covering topics relevant to their duties and responsibilities in Board committees and in the Board.

5. INSIDE DEALINGS

All directors and officers are required to disclose/report to the Company any dealings in the Company's shares they may have within five (5) business days from date of transaction

6. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) shall have the following roles and responsibilities:

A. Strategic Planning

The CEO is responsible for developing and implementing the company's long-term strategic plan. This includes identifying growth opportunities, setting goals and objectives, and allocating resources to achieve those goals.

B. Financial Management

CEO is responsible for managing the financial health of the company, including overseeing the budget, monitoring revenue and expenses, and ensuring that the company operates within its financial targets.

C. Leadership

You provide overall leadership to the organization, setting the tone for company culture, motivating employees, and ensuring that the company operates efficiently and effectively.

D. Risk Management

You oversee risk management activities to minimize financial and legal risks associated with the company's operations. This includes ensuring compliance with regulatory requirements, developing risk management strategies, and addressing any legal or compliance issues that arise.

E. Business Development

You are responsible for identifying and pursuing new business opportunities for the company, such as partnerships, joint ventures, and other strategic alliances.

F. Stakeholder Management

You maintain relationships with key stakeholders, including customers, employees, shareholders, and regulatory bodies. This involves managing expectations, communicating effectively, and ensuring that the company's operations align with stakeholder needs.

G. Talent Management

You oversee talent management activities, including recruiting

and hiring, training and development, and employee engagement. You ensure that the company has a talented and motivated workforce that is aligned with the company's goals and objectives.

7. COMPLIANCE OFFICER

The Compliance Officer is a member of the Company's management team in charge of the compliance function. Similar to the Corporate Secretary, he/she is primarily liable to the corporation and its shareholders, and not to the Chairman or President of the company. He/she has, among others, the following duties and responsibilities:

- Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
- 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 governance issuances of regulatory agencies;
- Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- Ensures the integrity and accuracy of all documentary submissions to regulators;
- Appears before the Insurance Commission when summoned in relation to compliance with this Code;
- Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- Identifies possible areas of compliance issues and works towards the resolution of the same;
- Ensures the attendance of board members and key officers to relevant trainings; and
- Performs such other duties and responsibilities as may be provided by the Insurance Commission.

8. Corporate Secretary

The Corporate Secretary is an officer of the Corporation who is not the Compliance Officer and is not a member of the Board. He/she shall annually attend a training on corporate governance.

The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines. He shall work fairly and objectively with the Board, Management, shareholders, and other stakeholders. Have a working knowledge of the operations of the corporation. 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.

Duties and Responsibilities:

- Assists the Board and the Board committees in the conduct of their meetings (i.e. agenda setting, preparation of annual schedule of meetings and board calendar);
- Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Board committees and shareholders/members, as well as other official records of the corporation;
- Keeps abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;
- Works fairly and objectively with the Board, Management and shareholders/members and contributes to the flow of information between the Board and Management, the Board and its committees, and the Board and its shareholders/members as well as other stakeholders;
- Advises on the establishment of board committees and their terms of reference;
- Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days before the date of the meeting, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- Performs all required administrative functions;
- Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements;
- Performs such other duties and responsibilities as may be provided by the Board; and
- Issue certification every January 30th of the year on the attendance of directors in meetings of the board of directors, counter signed by the Chairman of the Board (SEC Memorandum Circular No. 3, Series of 2007).

9. External Auditor

An external auditor shall enable an environment of good corporate

governance as reflected in the financial records and reports of the Corporation. An external auditor shall be selected and appointed by the shareholders upon recommendation of the Audit and Compliance Committee.

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, and the company website. 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.

Have periodic meetings with the Non-Executive Directors without any executive directors present to ensure that proper checks and balances are in place within the Company, such meetings to be held by the Lead Independent director, if applicable;

10. Internal Auditor

The Corporation shall have in place an effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and stakeholders and an independent Internal Auditor or group of internal auditors through which the Board, senior management, and shareholders shall be provided with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with.

The Internal Auditor shall report to the Audit and Compliance Committee.

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

The scope and particulars of the Corporation's system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of the 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.

The Internal Auditor shall:

- Provide 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;
- Perform regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- Perform consulting and advisory services related to governance and control as appropriate for the organization;
- Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- Review, audit and assesses the efficiency and effectiveness of the internal control system of all areas of the company;
- Evaluate 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;
- Evaluate specific operations at the request of the Board or Management, as appropriate;
- Monitor and evaluate governance processes; and
- Have periodic meetings with the Non-Executive Directors without any executive directors present to ensure that proper checks and balances are in place within the Company, such meetings to be held by the Lead Independent director, if applicable

11. Risk Officer

The Risk Officer shall be responsible for overseeing the management of risks resulting from business activities in accordance with the Enterprise Risk Management framework. He shall report to the Audit & Compliance Committee.

Duties and Responsibilities:

- Monitor to ensure that all identified gaps in management's risk management processes are resolved on a timely basis.
- Provide leadership to facilitate management's understanding of the Sun Life Financial risk management framework, policies and processes.

- Ensure that the Philippine risk management organization is appropriately staffed with individuals who have the requisite skills and competencies, and that the organization structure and reporting relationships are appropriate and sufficiently independent. Ensure that the local risk management organization complies with the criteria set by the Office of the Superintendent of Financial Institutions for risk management and provide annual sign-off to this effect.
- Organize and participate in the risk workshops of the annual risk identification process:
 - Ensure appropriate participants, including senior management.
 - Ensure that business units identify plausible risk scenarios.
 - Ensure that risk-based measurement and reporting metrics, including risk limits and exception reporting, are established.
 - Assign risk category to the final risk lists.
 - Provide expertise in the development of action plans to address the risks identified.
 - Prepare the annual Risk Report
 - Review and update the Risk Report quarterly.
 - Identify and escalate as appropriate any missed target dates for key risk action plans.
 - Work together with the Chief Financial Officer to quantify the risk exposure
- Understand who is accountable for each Risk Management Policy and ensure that the appropriate person is aware of it.
- Provide documented quarterly status updates on Key Risks to the Audit and Compliance Committee.
- Provide input to the annual risk management testing and spend an appropriate percentage of time conducting testing of compliance to Risk Management Policies in the business group.
- Ensure that the Policy and Operating Guidelines are deposited on a database that is accessible by all relevant employees in performing their roles.
- Coordinate the sign off requirements.
- Have periodic meetings with the Non-Executive Directors

without any executive directors present to ensure that proper checks and balances are in place within the Company, such meetings to be held by the Lead Independent director, if applicable.

VI. ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, accurate, insightful, concise, clear 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.

VII. ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the shareholders. It should provide them with a balanced and comprehensive 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.

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 and Compliance Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

1. 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;
2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for benefit of all stockholders and stakeholders should be maintained;
3. 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;

4. The Corporation should consistently comply with the financial reporting requirements of the Commission;
5. 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 and Compliance 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 and Compliance 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.
6. The Board, after consultations with the Audit and Compliance Committee, shall recommend to the shareholders 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.

VIII. TRAINING PROCESS

If necessary, funds shall be allocated by the Chief Financial Officer for the purpose of conducting an orientation program or workshop to put this Manual into operation.

IX. REPORTORIAL OR DISCLOSURE SYSTEM OF CORPORATE GOVERNANCE POLICIES

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.
2. All material information about the Corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders shall be publicly and timely disclosed. Such information shall include earning results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of Directors, and changes in share ownership.
3. Other information that shall always be disclosed include remuneration (including stock options) of all Directors and senior management, corporate strategy, and off-balance sheet transactions.

4. All disclosed information shall be released via the approved procedure for Corporation announcements as well as through the annual reports.
5. The Board shall commit at all times to fully disclose material dealings. It shall cause the filing of all required information in the interest of the stakeholders.

X. 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. The following provisions are issued for the guidance of all internal and external parties concerned, as a governance covenant between the Corporation and all its investors.

1. BASIC RIGHTS

Shareholders and members generally have the following rights, among others:

- Right to participate in the approval of material corporate acts;
- Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders'/Members' Meeting;
- Right to nominate candidates to the Board of Directors/Board of Trustees;
- Right to be informed of the nomination and removal process; and
- Right to be informed of the voting procedures that would govern the Annual and Special Shareholders'/Members' Meeting.

2. INVESTORS' RIGHTS AND PROTECTION/MINORITY INTERESTS

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

A. Voting Right

- a. Shareholders shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Revised Corporation Code and the Corporation's by-laws.
- b. Cumulative voting shall be used in the election of Directors.
- c. A Director shall not be removed without cause if it will deny minority shareholders representation in the Board.

B. 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 Revised Corporation Code, and shall be furnished with annual reports, including financial statements, without cost or

restrictions.

C. Right to Information

- a. The shareholders shall be provided, upon request, with 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.
- b. Although all shareholders should be treated equally or without discrimination, the Board should give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.
- c. The minority shareholders shall have access to any and all information relating to matters which Management is mandated to provide information on. If such matters are not included in the agenda of the shareholders' meeting, then the minority shareholders shall be allowed to propose to include such matters in the agenda, the same being within the definition of legitimate purposes.

D. Right to Dividends

- a. Shareholders shall have the right to receive dividends subject to the discretion of the Board. As indicated in the prospectus, dividends so declared shall automatically be reinvested on behalf of the shareholder.
- b. The Corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except:
 - when justified by definite corporate expansion projects or programs approved by the Board;
 - 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
 - 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

E. 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 81 of the Revised Corporation Code, under any of the following circumstances:

- a. 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;

- b. 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 Revised Corporation Code; or
- c. In case of merger or consolidation.

3. CONDUCT OF SHAREHOLDERS' MEETINGS

The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the Corporation. The shareholder 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 shareholder's favor.

Notice of Annual and Special Shareholders' Meeting, containing the date, location, meeting agenda and its rationale and explanation, and details of issues to be deliberated upon and approved or ratified at the meeting, among others, shall be sent to the shareholders at least 21 days before the scheduled meeting.

After the Shareholders' Meeting, results of the votes on matters taken thereat shall be made publicly available the next working day. Minutes of the said meeting shall likewise be available on the company website within five (5) business days from the date of the meeting.

4. PROMOTION OF RIGHTS AND DUTIES

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

5. REMOVAL OF EXCESSIVE COSTS AND IMPEDIMENTS.

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 shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

XI. EMPLOYEE PARTICIPATION

The Company, through the Board, encourages employees to actively participate in the realization of the Company's goals and its governance. The following policies and programs are implemented to encourage employees to perform better and to motivate them to take a more dynamic role in the Company: (1) health, safety and welfare of employees; (2) manpower training and development; and (3) employee reward/compensation.

XII. 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 shareholders 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 shareholders 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, non-financial information (strategic and operational objectives, sustainability issues, etc.), and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate exchange mechanisms and submissions to the Commission.

The Company shall maintain a comprehensive website to timely disseminate relevant information to the public. The website shall contain the Company's Manual on Corporate Governance and Annual Corporate Governance Report, among others.

XIII. MONITORING AND ASSESSMENT

Each committee shall report regularly to the Board.

The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation of the provisions of this Manual shall subject the responsible officer or employee to the appropriate penalty provided for under this Manual.

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 the Board's approval.

This Manual shall be subject to annual review unless the Board requires a more frequent review.

All business processes and practices being performed within any department or business unit that are not consistent with any portion of this Manual shall be revoked unless modified or upgraded to be in conformity with the Manual.

XIV. COMMUNICATION PROCESS

The Corporation shall establish and implement their corporate governance in accordance with the Code. This Manual should be submitted to the Commission for evaluation within one hundred eighty (180) business days from the date this becomes effective to enable the Commission to determine its compliance with the Code taking into consideration the nature, size and scope of the business of the Corporation, provided, that if the Corporation had earlier submitted its Manual, it may, at its option, continue to use the said Manual as long it complies with the provisions of this Code.

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

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

An adequate number of printed copies of this Manual must be reproduced under the supervision of the Compliance Officer providing a minimum of at least one (1) copy of the Manual per department

XV. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

1. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's Directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff, in case of violation of any of the provision of this Manual:
 - Reprimand, for a first violation;
 - Suspension from office, for a second violation. The duration of the suspension shall depend on the gravity of the violation;
 - The maximum penalty of removal from office, for a third violation.
2. The commission of a third violation of this Manual by a member of the Board shall be a sufficient cause for his removal from directorship.
3. The Compliance Officer shall be responsible for determining the violation/s committed.
4. The Compliance Officer shall give due notice and extend due process to the Corporation's Directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff alleged to have committed the violation/s.
5. After giving due notice and observing due process, the Compliance Officer shall make a determination of the case and recommend the proper penalty to the Board.
6. The Board shall decide the proper penalty to be meted out based on the findings and recommendation of the Compliance Officer.