Service Excellence through Responsive Experience
Est. 2000

CORPORATE GOVERNANCE MANUAL

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I. INTRODUCTION

RESPONSIVE HEALTH AND INSURANCE BROKERS, INC. (“Responsive” or “Company”) is committed to the highest standards of corporate governance as articulated in its Articles of Incorporation, By-Laws, this Corporate Governance Manual and pertinent laws, rules, and regulations.

The Board of Directors (“BOD” or “Board”) and Management of the Company commit themselves to the principles and best practices of corporate governance contained in this Corporate Governance Manual and acknowledge that the same will guide the Company in attaining its goals as it conducts its business with the highest level of commitment and excellence to all stakeholders.

The BOD reserves its right to, from time to time and when the exigencies of the situation demand, modify and make exceptions to this Corporate Governance Manual, which modifications should at all times aligned with the rights of the stakeholders of the Company.

II. DEFINITION OF TERMS

1. Corporate Governance - the framework of rules, systems and processes in the Company that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stockholders;

2. Board of Directors - the governing body elected by the stockholders that exercises the corporate powers of the Company, conducts all its business, and controls its properties;

3. Management - the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Company;

4. Independent Director - a person who, apart from his fees and shareholdings, is independent of management and 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;

5. Executive Director - a director who is also the head of a department or unit of the Company or performs any work related to its operations;

6. Non-executive director - a director who is not the head of a department or unit of the Company nor performs any work related to its operations;

7. Non-audit work - the other services offered by an external auditor to the Company that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology

outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor;

8. Internal control - the system established by the Board of Directors and Management for the accomplishment of the Company's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;

9. Internal control system - the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Company is exposed;

10. Internal audit - an independent and objective assurance activity designed to add value to and improve the Company's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;

11. Internal Audit Department - a department or unit of the Company and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the Company's operations;

12. Internal Auditor - the highest position in the Company responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

13. Independence - refers to that environment which allows the person to carry out his/ her work freely and objectively.

14. Objectivity - refers to an unbiased mental attitude that requires a person to carry out his/her work in such manner that he/she has an honest belief in his/her work product and that no significant quality compromises are made. Objectivity requires the person not to subject his/her judgment to that of the others.

15. Stakeholders - refers to the group of company owners, officers and employees, policyholders, suppliers, creditors, and the community.

16. Substantial or major shareholder – shall mean a person, whether natural or juridical, owning such number of shares that will allow him to elect at least one (1) member of the board of directors of an insurance company or who is directly or indirectly the registered or beneficial owner of more than ten percent (10%) of any class of its equity security.

17. Majority stockholder or Majority shareholder – means a person, whether natural or juridical, owning more than fifty percent (50%) of the voting stock of an insurance broker company.

III. GOVERNANCE STUCTURE

1. The Chairman, Chief Executive Officer, and BOD

1.1. The BOD is the highest level of authority in matters of governance and managing the regular and ordinary business of the Company.

1.2. The BOD acts to foster the long-term success of the Company and to secure its sustained competitiveness and profitability in a manner consistent with its corporate objectives, which the Board exercises in the best interest of the Company, its shareholders and other stakeholders.

1.3. Composition

1.3.1. The Board of Directors shall consist of five (5) members who shall be holders of at least one share of the voting stock of the Company in their own right, and at least three directors shall be residents of the Philippines. The directors shall be elected annually by the stockholders at the annual meeting, and shall hold office until their successors are appointed, unless earlier removed from office as provided by law.

1.3.2. Directors are expected to work together as part of an effective and collegial group committed to advancing the long-term interests of the Company. Each is encouraged to periodically update their skills and knowledge on their fields of expertise.

2. Independent Directors

2.1. Independent Directors shall hold no interest or relationships with the Company which could interfere with the exercise of their independent judgment. The Board shall elect at least two (2) Independent Directors who is/shall:

2.1.1. Not an officer or employee of the Company, its subsidiaries or affiliates or related interests for at least three (3) years immediately preceding his term or incumbency;

2.2.2. Not related within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer or majority shareholder of the company or any of its related companies;

2.2.3. Not a director or officer of the related companies of the Company's majority shareholders;

2.2.4 Not a majority shareholder of the Company, any of its related companies, or of its majority shareholder;

2.1.5. Not acting as nominee or representative of any director or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders;

2.2.5 Not in any business or other relationships with the Company or any of its major stockholders which could materially interfere with the exercise of his judgment, i.e., has not engaged and does not engage in any transaction with the Company, or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner director or a shareholder.

2.1.6. Not receive from the Company, or from its Group, any sum or benefit for any item other than the remuneration for being a director, unless these are insignificant. For these purposes, dividends and pensions complements received by the director by reason of his/her previous professional or employment relationship shall not be taken into account, provided that these complements are of an unconditional nature, and as a result the company that is paying them may not discretionally suspend, amend, or revoke their receipt, without incurring in a breach of duty.

2.1.7. Not be, or have been during the preceding three years, associates of the External Auditor, or responsible for the Company's audit report or for that of any other company of its Group.

2.1.8. Not an Executive Director or Senior Manager of another different company where an executive director or Senior Manager of the Company is an External Director.

2.1.9. Not maintain, or have maintained during the preceding year, a significant business relationship with the Company, or with any group company, whether in his/her own name or as a significant shareholder, director, or Senior Manager of an entity that maintains or has maintained such a relationship. Business relationships shall be deemed to be those of supplying goods or services, including financial services, and those of adviser or consultant.

2.1.10. Shall not be a significant shareholder, Executive Director, or Senior Manager of an entity that receives, or has received during the last three years, significant donations from the Company or its Group. Those persons who are merely patrons of a Foundation that receives donations shall not be deemed to be included under this number.

2.1.11. Shall not hold a significant shareholding participation in the Company.

3. Duties and Responsibilities of the Board

3.1. Ensuring that high standard of best practices for the Company and for its stockholders are implemented. In this regard, the Board shall always conduct itself with utmost honesty and integrity in the performance of, among others, the following collective duties and responsibilities:

3.1.1. Reviewing and determining the Company's strategic objective;

3.1.2. Determining the Company's key policies, values and standards;

3.1.3. Establishing the framework of controls which enable risk to be assessed and managed;

3.1.4. Establishing the culture of the Company;

3.1.5. Ensuring that the necessary human and financial resources are in place;

3.1.6. Monitoring progress towards the achievement of objectives and compliance with policies, values, and standards, 3.1.7. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

3.2. The main components of the Board's responsibilities are:

3.2.1. Reviewing and determining the business activities in which the Company should engage;

3.2.2. Identifying principal business risks and ensuring the implementation of appropriate risk management systems to specifically manage the underwriting, reinsurance, investment, financial and operational risks of the Company;

3.2.3. Ensuring that the Company has adequate short-term and long-term objectives and strategies;

3.2.4. Approving the budgets presented by management and ensuring that they are compatible with short-term and long-term objectives;

3.2.5. Reviewing and approving material transactions not in the Company's ordinary course of Business. It may secure the opinion of an independent third party regarding for the protection of all stockholders and stakeholders;

3.2.6. Selecting the Chief Executive Officer and determining the terms of his contract;

3.2.7. Ensuring the adequacy of the Company's management structure and resources for specific and general tasks. The planning of senior management motivation, remuneration, development, recruitment and succession;

3.2.8. Ensuring the Company's information systems are relevant and adequate to monitor performance at a business level and sufficient for Board and management performance review and decision purposes including systems for compliance with the Insurance Code and other applicable laws, regulations, rules, directives and guidelines;

3.2.9. Monitoring management performance against strategic objectives and compliance with strategic policies and initiating appropriate corrective action if failures are revealed;

3.2.10. Accountability

3.2.10.1. Ensuring effective communication of, and presentation to, all its members and shareholders a balanced and understandable assessment of the Company's performance and financial condition; and,

3.2.10.2. Ensuring that the Company complies with its legal obligations and maintains an appropriate level of transparency about its business.

4. A majority of the members of the Board shall constitute a quorum for the holding of a meeting and any resolution of a 2/3 of all the members of the Board shall be valid as a corporate act subject only to the condition hereinafter and forth.

5. Policy on Multiple Board Seats

5.1. A director shall exercise due discretion in accepting and holding directorships outside of the Company. The optimum number of directorships shall be generally related to the capacity of a director in performing his duties diligently

5.2. The CEO and other executive directors shall submit themselves to a low indicative limit (four or lower) on membership in other corporate boards. The same low limit also applies to independent non-executive directors who serve as full-time executives in other Companies. There can be a higher indicative limit (five or lower) for other directors who hold non-executive position in any Company. In any case, the capacity of directors to serve with diligence shall not be compromised.

6. The roles of Chair and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chair and CEO upon their election.

6.1. If the position of Chair and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives

6.2. The duties and responsibilities of the Chair in relation to the Board may include, among others, the following:

6.2.1. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chair may deem necessary;

6.2.2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the Directors; and,

6.2.3. Maintain qualitative and timely lines of communication and information between the Board and Management.

7. Measurement of the Board’s Performance

7.1. The Board shall assess an annual performance itself that:

7.1.1. Compares the performance of the Board with the requirement of this Manual;

7.1.2. Sets forth the goals and objectives of the Board for the upcoming year;

7.1.3. Effects any improvements to this Manual as deemed necessary.

7.2. The performance evaluation shall be conducted in such manner as the Board deems appropriate

8. Individual Directors

8.1. A Director’s Office is one of trust and confidence. A Director should act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the Company toward sustained progress.

8.2. Specific Duties and Responsibilities

8.2.1. A Director should observe the following norms of conduct:

8.2.1.1. Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company. Significant business transactions entered into by a Director should be immediately reported to the Company. The basic principle to be observed is that a Director should not use his position to profit or to gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a Director, he should fully and immediately disclose it and should not participate in the decision-making process. A Director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the Director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.

8.2.1.2. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities. A Director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and Committee meetings, review meeting materials, ask questions and request explanations. The Director must keep himself abreast of the latest rules and strategies which would help the Company attain its goals.

8.2.1.3. Act judiciously. Before deciding on any matter brought before the BOD, a Director should thoroughly evaluate the issues and, if necessary, make inquiries and request clarification.

8.2.1.4. Exercise independent judgment. A Director should view each problem or situation objectively. When a disagreement with other Directors arises, he should carefully evaluate the situation and explain his position. He should not be afraid to take an unpopular situation. Consequently, he should support plans and ideas that he thinks are beneficial to the Company.

8.2.1.5. Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation By-Laws, the requirements of the Insurance Commission, and where applicable, the requirement of other regulatory bodies. A Director should keep abreast with industry developments and business trends and seek continuous professional education in order to promote the Company's competitiveness.

8.2.1.6. Observe confidentiality. A Director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as a Director. He should not disclose confidential information to unauthorized persons with the authority of the Board.

8.2.1.7. Have a working knowledge of the Company's control systems. A Director shall ensure the continuing soundness, effectiveness, adequacy of the Company's control environment.

9. Qualifications

9.1. Directors shall be holders of at least one share of the voting stock of the Company;

9.2. Directors shall possess the necessary skills, competence and experience, in terms of management capabilities, preferably in the field of insurance or insurance-related disciplines;

9.3. Directors shall be a person with professional ethics, integrity and credibility;

9.4. Directors shall not hold any incompatible position in other Companies; and,

9.5. No disqualification as provided for in the Company Code and IC Circulars.

10. Permanent Disqualifications

10.1. Any of the following shall be a ground for the permanent disqualification of a Director:

10.1.1. 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;

10.1.2. Persons who have been convicted by final judgment of the court for violation of insurance laws;

10.1.3. 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;

10.1.4. Persons who are delinquent in the payment of their obligations as defined hereunder:

10.1.4.1. 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;

10.1.5. Obligations shall include all borrowings from an insurance company, or its related companies obtained by:

10.1.5.1. A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorsers, or surety for loans from such institutions;

10.1.5.2. The spouse or child under the parental authority of the director or officer;

10.1.5.3. Any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a director or officer;

10.1.5.4. 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,

10.1.5.5. A Company, 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:

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

10.3. Any person convicted by final judgment or order by a competent judicial or administrative body of any violation of Company Code committed within five (5) years prior to the date of his election or appointment, or any time with a maximum term of imprisonment of more than six years.

11. Temporary Disqualifications

11.1. The Board may provide for the temporary disqualification of a Director for any of the following reasons:

11.1.1. 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;

11.1.2. Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executory;

11.1.3. Directors and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission;

11.1.4. 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 by the Insurance Commission; and,

11.1.5. Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar.

IV. ACCOUNTABILITY AND AUDIT

1. Internal Controls and Internal Audit

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

1.2. The minimum internal control mechanisms for the performance of the Board's oversight responsibility includes selection of the person who possess the ability, integrity and expertise essential in performing the duties and responsibilities for the position of CEO; evaluation of proposed Senior Management appointments; and review of the Company's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.

1.3. The Company's systems of effective organizational and operational controls shall be continuously developed and updated based on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.

1.4. The Board shall establish an internal audit system that can reasonably assure the Board, Management and Stockholders that the Company's key organizational and operational controls are faithfully complied with. The Board shall appoint a Corporate Auditor to perform the internal audit function, and shall require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Board shall formally evaluate the performance of the Corporate Auditor, including his replacement, reassignment or dismissal. The Corporate Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

2. Risk Management

2.1. It is the policy of the Company to ensure that the risks are identified, analyzed and managed systematically and appropriately. The Board considers it essential that the various categories of risk are clearly identified and that appropriate senior and management accountability is designated, which together with adequate risk management process ensures that the need to be conscious of and identify risk is part of the embedded management process in the Company.

2.2. The Board considers it essential that all levels of management and employees have knowledge of and are made aware of the types of risks (e.g. business risk, underwriting, reinsurance etc.) involved in both planning activities and day-to-day performance aspects of the business. Apart from senior management accountability, every employee is responsible for managing risks in his work supported as necessary by expert advice and assistance, both internal and external. It is the Board's aim to engender a culture in which risks are communicated to appropriate levels in the Company and information on risk is shared through effective communication. This enables appropriate action to be identified and taken.

3. Financial Reporting, Responsibility for Information and Related Party Transactions

3.1. Management is primarily responsible to the Board for financial reporting relating to the Company's position and prospects and adequate flow of information. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and documents, budgets, forecasts and monthly/quarterly/annual internal financial statements. Any variance between projections and actual results should also be disclosed and explained by management to the Board. Timely and accurate information would enable the Board to properly fulfill their duties and responsibilities.

3.2. Related party transactions shall be conducted in terms favorable to the Company to safeguard the best interest of the Company, its policyholders and stakeholders. In all cases, the provisions of Title 20, Chapter III of the Insurance Code shall be complied with.

4. External Auditor

The Board, after consultation with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Insurance Commission who shall undertake an independent audit of the Company, and shall provide an objective assurance on the manner by which the financial statements are prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Company. Non-audit work may be given to the External Auditor, provided it does not conflict with his duties as an independent External Auditor, or does not pose a threat to his independence.

4.1. 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 Company's annual and current reports. The report shall include a discussion of any agreement between the External Auditor and the Company on accounting principles or practices, financial disclosures or audit procedures which the former External Auditor and the Company failed to resolve satisfactorily. A preliminary copy of said report shall be given by the Company to the External Auditor before its submission.

4.2. 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 Company, should be changed with the same frequency.

12. BOARD COMMITTEES

1. To aid in complying with the principle of good governance, the Board shall establish the necessary specialized Committees with specific responsibilities to assist in the development and implementation of systems and practices that would promote good corporate governance. The Board should ensure a continuous mix of competencies, skills and experiences of its members.

2. The Board shall establish the committees mentioned below.

3. Audit Committee

3.1. The Audit Committee shall be composed of at least three (3) members from the Board, at least one (1) of whom shall be an Independent Director. Members are preferably with accounting and finance experiences.

3.2. Assists the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process, and monitoring of compliance with applicable laws, rules and regulations.

3.3. Recommends appointment and removal of External Auditors and perform oversight functions.

3.4. Appoints a Corporate Auditor and reviews and approves the Internal Audit Plan to ensure conformity with the objectives of the Company.

3.5. Monitors and evaluates the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security.

3.6. Reviews the reports submitted by the Internal and External Auditors.

3.7. Reviews the content of the Annual Report and Financial Statements having regard to the findings of the audit before submission to the Board focusing particularly on:

3.7.1. significant accounting policies and practice;
3.7.2. major estimates and judgements;
3.7.3. clarity and completeness of disclosures;
3.7.4. the going concern assumption;
3.7.5. compliance with financial reporting and accounting standards; and
3.7.6. compliance with other legal requirement.

4. Executive Committee

4.1. The Board of Directors, if it deems such actions is necessary, may choose from its own members an Executive Committee of at least five (5), with such alternate members who may vote in lieu of a member who is absent or incapacitated, provided that the Chief Executive Officer shall be one of the said five members.

4.2. The Executive Committee shall possess and may exercise all the powers of the Board which may be lawfully delegated in the management and direction of the affairs of the company in all cases in which specific directions shall not have been by the board of Directors, either by resolutions, power of attorney or contracts entered into with other parties during the intervals between the meeting of the Board.

4.3. A majority of the members of the Executive Committee shall constitute a quorum for the holding of a meeting and any resolution of a majority of all the members of the Executive Committee shall be valid as a corporate act subject only to the condition hereinafter and forth.

4.4. All actions by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action, for confirmation.

5. Corporate Governance Committee

5.1. The Corporate Governance Committee shall assist the BOD in executing its duties and responsibilities. The Committee, reporting directly to the Board, may be composed of at least three (3) members from the Board, one (1) of whom shall be an Independent Director. The Board shall ensure that the members of the Nomination Committee are appropriately qualified to discharge their responsibilities.

Duties and Responsibilites

5.2. Help the Board in fulfilling its corporate governance responsibilities.

5.3. Implement procedures on proper nomination, election and appointment of directors and officers

5.3.1. The Committee shall review regularly the structure, size, and composition of the Board, the audit committee and the corporate governance committee and make recommendations to the Board with regard to any adjustments that are deemed necessary.

5.3.2. It should keep under review the leadership needs of the Company and be satisfied that the plans are in place for orderly succession for appointments to the Board so as to maintain an appropriate balance of skills and experience on the Board.

5.3.2.1. For the appointment of the Chairman, it should maintain a description of the role and capabilities required for the appointment, including an assessment of the time commitment expected, and to be responsible for identifying and nominating candidates for the approval of the Board.

5.3.3. Recommend guidelines in the selection of nominee for Director which may include the following based on the perceived needs of the Board at a certain point in time:

5.3.3.1. Nature of the business of the Company which he is a Director of
5.3.3.2. Age of the Director nominee
5.3.3.3. Number of Directorships/active memberships and officerships in other Companies or organizations
5.3.3.4. Possible conflict of interest

5.3.4. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors.

5.4. Oversee policies on compensation and remuneration

5.4.1. The Committee shall recommend a formal and transparent procedure for developing a policy on executive remuneration and evaluation and for fixing the remuneration packages of Directors and Management Officers that is consistent with the Company's culture, strategy, and business environment.

5.4.2. Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Management Officers who are needed to run the Company successfully.

5.4.3. The Committee shall require and approve full business interest disclosure as part of the requirements for appointment of Directors and pre-employment requirements for Management Officers. Directors and Officers are to declare all their existing business interests or shareholdings that may directly or indirectly in their performance of duties.

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

1. The Board shall respect the following rights of the stockholders in accordance with the Company Code:

    1.1. Right to vote on all matters that require their consent and approval
    1.2. Right to inspect corporate books and records
    1.3. Right to information
    1.4. Right to dividends
    1.5. Appraisal right
    1.6. The Board shall respect the rights of the minority stockholders to nominate candidates for seats in the Board of Directors who possess all the qualifications and none of the disqualifications of Directors as prescribed in the Company's By-Laws.

2. The Board shall be transparent and fair in conduct of the annual and special stockholders' meetings. The stockholders should be encouraged to personally attend such meetings. If they could not attend, they should be apprised ahead of time of their right to appoint a proxy subject to the requirement of the By-Laws.

    2.1. The Board shall 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 violation of their rights.

    2.2. The Board should ensure that accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

    2.3. In case of disposition of all or substantially all of the Company property and assets, or other merger or consolidation, the Board should respect the appraisal right of the shareholders through appointment of an independent party to evaluate the fairness of the transaction price.

VI. COMPLIANCE ON GOOD GOVERNANCE

The Board of Directors and Management Officers commit to strictly adhere with the principles, provisions and requirements enclosed in this Corporate Governance Manual. All Directors and Management Officers are endeavored to ensure rigorous dissemination of this Manual to all employees within the organization and to likewise enjoin compliance.

VII. PENATIES FOR NON-COMPLIANCE

The Board may create an internal self-rating system to determine and measure compliance with this Manual. Violation thereof or non-compliance shall be subject to penalty as maybe determined by the Board of Directors ranging from reprimand to removal from office.

VI. REVIEW AND REVISIONS

This manual shall be reviewed as needed taking into consideration the Company's changing business needs and regulatory requirements. Any recommended revisions to the Manual are subject for approval by the Board.