



**MANUAL ON
CORPORATE GOVERNANCE**

(Updated as of February 2022)

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Article I

Introduction

This Manual shall institutionalize the principles of corporate governance in AyalaLand Logistics Holdings Corp. (the "Corporation"). The Corporation is committed to comply with the principles of good corporate governance. The framework for corporate governance of the Corporation is principally contained in its Articles of Incorporation and By-Laws and their amendments and supplemented by this Manual. The Corporation adopts this Manual and undertakes to observe the provisions of this Manual (including amendments and supplements thereto), the Code of Corporate Governance for Publicly-Listed Companies, Securities Regulation Code and other applicable laws, rules and regulations of the Securities and Exchange Commission (SEC) and best corporate practices, with the objective of promoting transparency, accountability and fairness in the dealings/transactions of the Corporation.

The Board of Directors, Management, employees, and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible. All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and stakeholders of the Corporation.

VISION-MISSION

Our vision is to be the leading industrial and real estate logistics company in the country. By developing dynamic industrial and logistics hubs, we create environments that energize and support businesses.

We empower our people to provide exceptional service and nurture partnerships with our stakeholders.

We build long-term value for our stakeholders and enhance lives in the communities where we are present.

CORE VALUES

- Leadership
- Integrity
- Vision
- Excellence
- Malasakit (Compassion)

Article II

Definition of Terms¹

- a) Corporate Governance – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal, and social obligations towards their stakeholders.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.
- b) Board of Directors – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.
- c) Exchange – an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities; refers to the Philippine Stock Exchange.
- d) Management – a group of executives given the authority by the Board of Directors to implement the policies that it has laid down in the conduct of the business of the Corporation.
- e) 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.
- f) Executive Director – a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
- g) Non-executive Director – a director who has no executive responsibility and does not perform any work related to the operations of the Corporation.
- h) Conglomerate – a group of corporations that has diversified business activities in varied industries, whereby operations of such businesses are controlled and managed by a parent corporate entity.
- i) Non-audit Work – the other services offered by an external auditor to a corporation 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.
- j) Internal Control – a process designed and effected by the board of directors, senior 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 management information and compliance with applicable laws, regulations and the organization's policies and procedures.
- k) 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 particular risk or business activity or combination of risks or business activities, to which the Corporation is exposed.
- l) Internal Audit – an independent and objective assurance activity designed to add value to and improve the Corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness or risk management, control and governance processes.
- m) Internal Audit Group – a unit of the Corporation and its consultants, if any, that provide independent and objective assurance and consulting services in order to add value and improve the Corporation's operations.

- n) Chief Audit Executive – heads the Internal Audit Group and is primarily 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.
- o) Enterprise Risk Management – a process, effected by an entity's 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 the its risk appetite and provide reasonable assurance regarding the achievement of entity objectives.
- p) Chief Risk Officer – accountable for enabling the efficient and effective governance of significant risks, and related opportunities, to a business and its various segments.
- q) Related Party – shall cover the Corporation's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the Corporation exerts direct or indirect control over or that exerts direct or indirect control to the Corporation; the Corporation'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 interest may pose a potential conflict with the interest of the Corporation.
- r) Related Party Transactions – a transfer of resources, services or obligations between a reporting entity and a related party, regardless 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.
- s) Stakeholders – any individual, organization or society at large who can either affect and/or be affected by the Corporation's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government, regulators, competitors, external auditors and community in which it operates.

Unless otherwise specified, all references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.

¹SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

Article III

Governance

1. Board of Directors

The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment. It shall be the Board's responsibility to promote and adhere to the principles and best practices of corporate governance and to foster the long-term success of the Corporation and secure its competitiveness in the global environment in a manner consistent with its fiduciary responsibility and its corporate objectives and the long-term interest of the Corporation, its shareholders and other stakeholders.

1.1 Composition

The Board shall be composed of nine (9) members, more than 50% of whom shall be independent and/or non-executive directors. Members of the Board shall be elected by majority of the Corporation's outstanding capital stock at the annual meeting, and shall hold office for one (1) year and until their successors are elected and qualified following the By-Laws of the Corporation.

The Board has to be composed so that it possesses as a group the necessary knowledge, skills and experience required to properly perform its duties.

The Board shall encourage selecting a mix of competent directors, each of whom can add value and contribute independent judgment in formulating sound corporate strategies, policies and decisions.

In the selection of candidates for the Board, the objectives set by the Board for its composition are to be seriously considered, as well as the required knowledge, abilities and experience needed to successfully manage the Corporation.

The Board shall regularly review its composition, taking into account the evolving requirements of the Corporation, and best practices in corporate governance.

1.2 Diversity

Careful attention must be given to ensure that there is independence and diversity in background, gender and other relevant factors, and appropriate representation for women. With respect to gender, the Corporation shall strive that its Board shall be composed of at least two (2) female directors by 2025, subject to the possession of the knowledge, abilities and experience determined to by the Board as necessary for the Board to properly perform its functions.

It is important to have board diversity to avoid groupthink and ensure that optimal decision-making is achieved. Diversity is not only limited to gender but also includes diversity in age, ethnicity, culture, skills, competence and knowledge.²

1.3 Qualifications

A director of the Corporation shall have the following qualifications:

- a) Ownership of at least one (1) share of the capital stock of the Corporation;
- b) A college degree or its equivalent or adequate competence and understanding of the fundamentals of the business of the Corporation or sufficient experience and competence in managing a business to substitute for such formal education;

²SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

- c) Membership in good standing in relevant industry, and membership in business or professional organizations; and
- d) Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions.

1.4 Retirement Age

With a view towards adopting an effective succession planning program for directors, as a general rule, the retirement age for directors is 80 years old, subject to such exceptions as may be approved by the Board of Directors, taking into account the relevant qualifications and invaluable contribution of the Director and the special circumstances affecting the Corporation.

1.5 Disqualifications

The following persons are disqualified from being a director of the Corporation:

- a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (i) involves the purchase or sale of securities as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment Corporation, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (iii) arises out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b) Any person who, by reason of any misconduct, after hearing, is permanently by final judgment or order of the Securities and Exchange Commission ("SEC" or "Commission"), Bangko Sentral ng Pilipinas ("BSP") or any court or other administrative body of competent jurisdiction from: (i) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker; (ii) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company (iii) engaging in or continuing any conduct or practice in connection with any of such capacities mentioned in subparagraphs (i) and (ii) above, or willfully violating the laws governing securities, and banking activities.

The disqualification shall also apply if (i) such person is currently subject of an order of the SEC, BSP or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Revised Corporation Code, Securities Regulation Code, or any other law administered by the SEC or BSP, or under any rule or regulation promulgated by the SEC or BSP; (ii) such person has otherwise been restrained from engaging in any activity involving securities and banking; (iii) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership or participation or association with a member or participant of the organization;
- c) Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude or fraud, embezzlement, thief, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury, and other fraudulent acts;
- d) Any person who has been adjudged by final judgment or order of the SEC, BSP, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Revised Corporation Code of the Philippines, or any other law administered by the SEC, or any rule, regulation or order of the SEC or the BSP;
- e) Any person judicially declared to be insolvent;
- f) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct listed in the preceding paragraphs;

- g) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code committed within five (5) years prior to date of his election or appointment; and
- h) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:
 - i. If the person is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation; or
 - ii. If the person is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or
 - iii. If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (h.i) or (h.ii).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.

- i) An independent director shall be perpetually barred from being elected after serving for nine (9) years, without prejudice to being elected as non-independent director of the Corporation or independent director in other companies outside of the business conglomerate, where applicable, under the conditions provided for in the rules and regulations of the SEC.
- j) Having willfully and knowingly voted or consented to patently unlawful acts of the Corporation, having been found guilty of gross negligence or bad faith in directing the affairs of the Corporation, or having acquired any personal or pecuniary interest in conflict with the duty as a director of the Corporation; and
- k) Such other grounds as may be provided by applicable laws, rules and regulations.

1.6 Temporary Disqualifications of Directors

The following are grounds for temporary disqualification of incumbent directors:

- a) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.
- b) Absence or non-participation for whatever reason(s) in more than twenty-five percent (25%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election.
- c) Dismissal/termination for cause as director of any another publicly-listed company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.
- d) Being under preventive suspension by the Corporation for any reason; and
- e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Temporary disqualification shall be at the discretion of the Board and shall require a resolution of a majority of the Board.

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

1.7 Chairman of the Board

The Chairman of the Board shall be separate from the Chief Executive Officer (CEO) to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision-making. The Corporation shall disclose the relationship between the Chairman and CEO, if any, in its annual report to the SEC.

The Chairman of the Board shall, when present, preside at all meetings of the Board and stockholders and shall render advice and counsel to the President. He shall:

- a) schedule meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Corporation's operations;
- b) prepare the meeting agenda in consultation with the CEO;
- c) exercise control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- d) assist in ensuring compliance with the Corporation's guidelines on corporate governance.³

The Chairman shall have such other responsibilities as the Board of Directors may impose upon him.

1.8 Vice-Chairman of the Board

The Board may, at its discretion, and in accordance with the By-Laws, elect a Vice-Chairman from among its members. In the absence or incapacity of the Chairman of the Board, the Vice Chairman shall preside at the meetings of the Board.

1.9 Independent Directors

The Board shall have at least three (3) independent directors or such number as to constitute one-third (1/3) of the members of the Board, whichever is higher.⁴

Independent directors shall hold no interests or relationships with the Corporation that may hinder their independence from the Corporation or Management or interfere with the exercise of independent judgment in carrying out the responsibilities of a director. An independent director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Corporation, management or controlling shareholder at the time of his election or appointment and/or re-election as a director.

Independent directors may serve for a cumulative period of not more than nine (9) years. Moreover, for purposes of compliance with the legal requirement on Independent Directors -

- a) Officers, executives and employees of the Corporation may be elected as Directors but cannot and shall not be characterized as independent Directors.
- b) If a Director elected or appointed as an independent Director subsequently becomes an officer or employee of the Corporation, the Corporation shall forthwith cease to consider him as an independent Director.

³ SEC Memorandum Circular No. 2, Series of 2002

⁴ SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

- c) If the beneficial security ownership of an independent Director in the Corporation or in its related companies exceeds two percent (2%), the Corporation shall forthwith cease to consider him as an independent Director until the beneficial security ownership of the Director is reduced to two percent (2%) or lower.
- d) Independent Directors are not entitled to receive options, performance shares, and bonuses except pursuant to a resolution approved by stockholders.
- e) A director (other than as an independent director), officer, employee of the Corporation or its subsidiaries, associates, affiliates or related companies for at least three (3) years immediately preceding the election cannot be an independent director.
- f) A person who was retained, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, or any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election cannot be an independent director⁵.
- g) A relative of a director, officer or substantial stockholder of the Corporation or of any of its related companies or substantial stockholders cannot be an independent director. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister.⁶

Related companies refer to (a) the Corporation's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

The Corporation shall, as appropriate, provide independent directors with technical support staff to assist them in performing their duties for such committees. Independent directors may, when necessary, also request and receive support from executives, employees or outside professionals such as auditors, advisers and counsel to perform such duties. The Corporation shall cover the reasonable expenses of providing such support.

- h) The Board shall designate a Lead Director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and President/CEO are held by one (1) person⁷ to ensure independent views and perspectives and avoid the abuse of power and authority, and potential conflict of interest.

The functions of the Lead Independent Director include, among others, the following⁸:

- i. Serving as an intermediary between the Chairman and the other directors when necessary;
- ii. Convening and chairing meetings of the non-executive directors; and
- iii. Contributing to the performance evaluation of the Chairman, as required.

1.10 Policy on Multiple Board Seats

The Corporation shall ensure that adequate time and attention is given to the fulfilment of each director's duties. Independent directors and non-executive directors are encouraged to hold no more than five (5) board seats in publicly-listed companies and executive directors to hold no more than two (2) board seats in listed companies outside the Corporation's group.

1.11 Board Meetings and Quorum Requirements

- a) Members of the Board should attend regular and special meetings of the Board in person or through remote communication such as teleconferencing or videoconferencing or by any other alternative modes of communication allowed by the SEC. Two-thirds (2/3) of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business.

⁵⁻⁸ SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

- b) The Board may, to promote transparency, require the presence of at least one (1) independent director in all of its meetings. However, the absence of an independent director shall not affect the quorum requirement if he is duly notified of the meeting but notwithstanding such notice fails to attend.
- c) The Board shall designate the days when it shall meet, but it shall meet at least six (6) times each calendar year.
- d) The Board may convene in a special meeting by call of the Chairman or President or upon the request of at least three (3) Directors.
- e) At least twice a year, the non-executive Directors (NEDs) shall hold meetings for proper check and balance; to ensure adequacy of the Company's internal controls and effectiveness of risk management. NEDs shall meet without the presence of the executive Directors and may call on the external auditor and/or heads of internal audit, compliance and risk units as resource persons.

1.12 General Responsibilities of the Board for Good Governance

- a) Compliance with the principles of good governance shall start with the Board of Directors. It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders.⁹
- b) To ensure good governance of the Corporation, the Board should establish the vision and mission and strategic objectives and key policies and procedures for management of the Corporation, as well as the mechanism for monitoring and evaluating Management's performance.¹⁰
- c) To the extent set forth above, the Board of Directors shall orient all its activities towards three (3) general guidelines:
 - i. All actions taken by the Board are subject to the principle of legal permissibility. They must therefore not infringe on the appropriate provisions of Philippine laws and the Corporation's constitutive documents.
 - ii. All actions taken by the Board are subject to the principle of economic usefulness. They should accordingly contribute to increasing the value of the Corporation in a sustainable manner.
 - iii. The Board should, when carrying out its duties, be aware of its duty as the governing body of a publicly-listed company.
- d) The Board shall ensure the presence and adequacy of internal control mechanisms for good governance. The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:
 - i. Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;
 - ii. Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;
 - iii. Appointing a President/Chief Executive Officer (CEO) with the appropriate ability, integrity, and experience to fill the role; and defining the duties and responsibilities of the President/CEO;
 - iv. Reviewing proposed senior management appointments;

⁹⁻¹⁰ SEC Model

- v. Ensuring the selection, appointment and retention of qualified and competent management; reviewing the Corporation's personnel and human resources policies, compensation plan and the management succession plan;
- vi. Institutionalizing the internal audit function;
- vii. Ensuring the presence of, and regularly reviewing, the performance and quality of external audit.

1.13 Board Self-Assessment

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.

To strengthen the objectivity of the assessment, the Board will engage an external facilitator to conduct the process every three (3) years.

The external facilitator can be an independent party such as, but not limited to, a consulting firm, an academic institution, or a professional organization.

1.14 Specific Duties of the Board of Directors

The Board shall exert its best effort to ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders. To do so, it shall perform all the functions which it is required to perform in the Corporation's By-Laws and Board Charter with honesty and integrity, and shall:

- a) Properly discharge Board functions by meeting regularly. Independent views during Board meetings should be given due consideration and all such meetings should be minuted;
- b) Constitute an Audit Committee and such other committees as are required in the By-Laws of the Corporation;
- c) Select and appoint a President/CEO and other senior officers with the appropriate level of motivation, integrity, competence and professionalism;
- d) Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation;
- e) Provide sound written policies and strategic guidelines on key capital expenditures, and periodically evaluate and monitor implementation of such strategies;
- f) Ensure that the Corporation complies with all relevant laws, regulations and as far as possible best business practices;
- g) Formulate a clear communication and disclosure strategy to accurately, timely and effectively communicate with the SEC, the Exchange and the Corporation's stockholders and other stakeholders on matters of importance;
- h) Adopt a system of internal checks and balances, which may be applied in the first instance to the Board. Such systems shall be regularly reviewed and updated to render for effectiveness;
- i) Identify and monitor, and endeavor to provide appropriate technology and systems for the identification and monitoring of key risks and key performance areas;
- j) The Board is primarily responsible to the stockholders for financial reporting and control, and should:
 - i. Provide to all stockholders relevant and timely information about the Corporation, including but not limited to a periodic report and an annual report of the Corporation's performance, position and prospects through publicly available reports submitted to the SEC;

- ii. Present a balanced and understandable assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
 - iii. Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
 - iv. Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
 - v. Maintain a sound system of internal control to safeguard stockholders' investment and the Corporation's assets;
 - vi. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
 - vii. Require the Chief Audit Executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management;
- k) Recommend to the stockholders the appointment of external auditors, following the recommendation of the Audit Committee;
 - l) Create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Corporation's expense, which expense shall be reasonable;
 - m) Create an internal self-rating system and conduct an annual performance assessment of the Board, its individual members, its committees, the President and CEO, and Management;
 - n) Cause the Corporation to participate in the corporate governance survey;
 - o) Ensure that all directors, executives and employees adhere to the Corporation's Code of Ethics.

1.15 Specific Responsibilities of Each Director

A director's office is one of trust and confidence. He should act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He should exercise leadership, prudence and integrity in directing the Corporation towards sustained progress over the long term.

In addition to the duties and responsibilities of a Director set forth in the Corporation's By-Laws, Board Charter and existing relevant statutes, a Director shall:

- a) Conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions. A director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. He should observe the conflict of interest policy stated in this Manual.
- b) Devote time and attention necessary to properly discharge his duties and responsibilities. A director should attend and actively participate in Board meetings.
- c) Act judiciously. Before deciding on any matter brought before the Board of Directors, every director should evaluate the issues, ask questions and seek clarifications as appropriate.

- d) Exercise independent judgment. A director should view each problem/situation objectively and support plans and ideas that are beneficial to the Corporation.
- e) Have a working knowledge of the statutory and regulatory requirements affecting the Corporation. This would include a firm knowledge of the contents of the Articles of Incorporation and By-Laws of the Corporation and the amendments thereof, the requirements of the Exchange and SEC for the conduct of the Corporation's business, and where applicable, the requirements of other regulatory agencies.
- f) Observe confidentiality. A director shall observe the confidentiality of non-public information acquired by reason of his position as a director. He should not disclose any information to any other person without the authority of the Board.
- g) Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. Each director is responsible for assuring that actions taken by the Board maintain the adequacy of the control environment within the Corporation.¹¹
- h) Exercise the degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in an honest belief that the action was taken in the best interest of the Corporation.
- i) Prior to assuming office, attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution, and to attend relevant annual continuing training programs for directors in order to be informed of the developments in the business and regulatory environments, including emerging risks relevant to the Corporation. If necessary, funds shall be allocated by the Corporation for this purpose.
- j) Notify the Chairman and the Corporate Governance and Nomination Committee before accepting directorship in another company.

1.16 Liability of Directors

Directors who willfully and knowingly vote or consent to patently unlawful acts of the Corporation or who are guilty of gross negligence or bad faith in directing the affairs of the Corporation or acquire any personal or pecuniary interest in conflict with their duty as such directors, shall be liable jointly and severally for all damages resulting therefrom suffered by the Corporation, its stockholders and other persons.

When a director attempts to acquire or acquires, in violation of his duty, any interest adverse to the Corporation, in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Corporation and must account for the profits which otherwise would have accrued to the Corporation.

1.17 Compensation and Liability Insurance Coverage of Directors

- a) Directors shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for their services. In no case shall the total yearly compensation of directors exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.¹²
- b) Effective from the effective date of this Manual, no director shall be involved in deciding his or her own remuneration during his incumbent term.¹³
- c) The Corporation, to ensure the effectiveness of holding directors accountable and to attract competent persons as directors, may purchase at its own expense, liability insurance coverage for its directors.

¹¹ SEC Memorandum Circular No 2, series of 2002

¹² Revised Corporation Code, Section 29; AyalaLand Logistics Holdings Corp. (ALLHC) Amended By-Laws, Art. III, Section 11

¹³ ALLHC Amended By-Laws, Art. III, Section 11

1.18 Policy on Training of Directors

All new Directors of the Corporation shall undergo at the minimum an eight-hour orientation program on the Corporation's business and corporate structure, vision and mission, corporate strategy, Governance Codes and Policies, Articles of Incorporation, By-Laws, this Manual, the Charters, the SEC-mandated topics on governance matters and other matters essential for the effective performance of their duties and responsibilities.

Directors shall also attend a four-hour annual continuing training program, including courses on corporate governance at least once a year.

Directors are encouraged to assess their own training and development needs for the continuing training program.

2. Board Committees

The Board of Directors may create such committees as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws of the Corporation and to aid in good governance. . As a minimum, however, the Board shall be supported by the following committees:

2.1 Executive Committee

The Board may appoint from among its members an Executive Committee composed of not less than three (3) members, a majority of whom are citizens of the Philippines, and shall designate one of such members as Chairman of the Executive Committee.

- a) The Executive Committee shall exercise any of the powers and attributes, to the extent allowed by law, of the Board of Directors during the intervening period between Board meetings. The Committee shall act by majority vote of all its members on such specific matters within the competence of the Board of Directors, except with respect to ¹⁴:
- i. approval of any action for which shareholders' approval is also required;
 - ii. the filling of vacancies in the Board;
 - iii. the amendment or repeal of By-Laws or the adoption of new By-Laws;
 - iv. the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
 - v. the distribution of cash dividends to the shareholders; and
 - vi. the exercise of powers delegated by the Board exclusively to other committees, if any.

The Board of Directors may delegate to and determine the powers, duties and functions of the members of Executive Committee subject to applicable law.

- b) Two-thirds (2/3) of the members of the Executive Committee shall constitute a quorum. The Executive Committee shall fix its own rules of procedure. An act of the Executive Committee which is within the scope of its powers shall not require ratification or approval for its validity and effectivity, provided however that the Board of Directors may at any time enlarge or redefine the powers of the Executive Committee. All actions of the Executive Committee shall be reported to the Board of Directors at the meeting thereof following such action and shall be subject to revision or alteration by the Board of Directors, provided that no rights or acts of third parties shall be affected by any such revision or alteration.

¹⁴ Revised Corporation Code, Section 34

2.2 Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee shall be composed of at least three (3) members, all of whom are independent directors, and shall have the following functions:¹⁵

- a) Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate with due consideration of material changes to the Corporation's size, complexity and business strategy, as well as the business and regulatory environments;
- b) Oversee the periodic performance evaluation of the Board and its committees as well as executive management and conduct an annual self-evaluation of its performance;
- c) Ensure that the results of the Board evaluation are shared, discussed and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d) Plan and recommend continuing education and relevant training programs for directors, assignment of tasks and projects to board committees, succession planning for the board members and senior officers;
- e) Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f) Determine the nomination and election process for the Corporation's directors and has the special duty of defining the general profile of board members that the Corporation may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- g) Establish and maintain a process to ensure that all candidates/nominees for election as directors at the Annual Stockholders' Meeting are qualified in accordance with the By-laws, Manual on Corporate Governance and relevant laws, rules and regulations and possess none of the disqualifications stated in the SEC Code of Corporate Governance for Publicly-Listed Companies ("Code of Corporate Governance for PLCs");
- h) Encourage the selection of a mix of competent directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. In the selection of candidates, the objectives set by the Board regarding its composition are to be seriously considered, as well as the required knowledge, abilities and experience needed to successfully manage the Corporation. Careful attention must be given to ensure that there is independence and diversity, subject to the possession of the knowledge, abilities and experience determined by the Board as necessary for the Board to properly perform its functions;
- i) Review and evaluate the qualifications of persons nominated to positions in the Corporation which require appointment by the Board, and provide guidance and advice as necessary for the appointments of persons nominated to other positions;
- j) Review and disclose succession plans for members of the Board and key officers;
- k) Provide assessment on the Board's effectiveness in directing the process of renewing and replacing Board members and in appointing officers or advisors and develop, update as necessary and recommend to the Board policies for considering nominees for directors, officers or advisors; and
- l) Discharge any other duties and responsibilities delegated to the Committee by the Board from time to time.

The Committee shall be guided by the Corporation's mission and vision in the fulfillment of its functions.

¹⁵ SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

2.3 Personnel and Compensation Committee¹⁶

The Personnel and Compensation Committee shall be composed of at least three (3) members, as far as practicable, majority of whom shall be independent directors, including its Chairman. It shall have the following duties and responsibilities:

- a) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of directors and corporate officers, and provide oversight over remuneration of senior management and other key personnel ensuring that performance-based compensation is provided for and consistent with the Corporation's culture, strategy and control environment;
- b) Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully;
- c) Establish a formal and transparent procedure for developing a policy on remuneration packages of individual Directors, if any, which policy shall disallow independent Directors from receiving options, performance shares and bonuses;
- d) Develop a form of Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- e) Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year;
- f) Review and recommend changes to the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts;
- g) Provide for in the Corporation's annual report the Corporation's fee structure of non-executive directors, and ensure that independent Directors are not entitled to receive options, performance shares and bonuses;

No member of the Personnel and Compensation Committee will act to fix his or her own compensation except for uniform compensation to directors for their services as a director.

2.4 Audit Committee

There shall be an Audit Committee composed of three (3) non-executive members, a majority of whom shall be independent directors. The independent director shall chair the Audit Committee, and as far as practicable, shall not be Chairman of the Board or of any other committee. Each member shall have an adequate understanding of accounting and auditing principles in general and of the Corporation's financial management systems and environment in particular.

The Audit Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of the Corporation. It shall have the following particular duties and responsibilities:

Internal Audit

- a. Review and recommend approval of the Internal Audit Charter and subsequent revisions thereto to the Board. The Internal Audit Charter shall be periodically reviewed to ensure alignment with the International Standards for the Professional Practice of Internal Auditing (ISPPIA);

¹⁶ formerly, Compensation and Remuneration Committee

- b. Set up the Internal Audit Group (IAG), including the appointment of the Chief Audit Executive (CAE). The Committee shall establish and identify the reporting line of the CAE so that the reporting levels allow the internal audit activity to fulfill its responsibilities. The CAE shall report directly to the Committee functionally. The Committee, having appointed the CAE, shall also concur in his/her replacement, re-assignment or dismissal. The Committee shall set up the qualification criteria for internal auditors;
- c. Ensure that the Internal Auditors have free and full access to all the Corporation's records, properties and personnel relevant to and required by their function and that the IAG shall be free from interference in determining its scope, performing its work and communicating its results;
- d. Approve the Annual Internal Audit Work Plan and all deviations there from, ensuring that the audit resources are reasonably allocated to the areas of highest risk. In the event that outsourcing internal audit services is needed, the terms and conditions for outsourcing should be approved by the Committee;
- e. Review reports of the Internal Auditors and regulatory agencies, where applicable, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues;
- f. Review IAG's periodic reports and the Internal Audit Annual Report. Periodic reports shall highlight the status of projects in accordance with the audit plan approved by the Committee, as well as any unplanned projects. Such reports shall include a summary of key findings and recommendations, including the status of implementation. The Annual Report shall discuss the IAG's activities and performance relative to the audit plans and strategies approved by the Committee;
- g. Conduct separate meetings with the CAE to discuss any matter that the Committee or the auditors may deem necessary to be discussed privately;
- h. Provide inputs on the performance of the IAG and communicating/discussing such inputs with the Chief Finance Officer (CFO) who shall then translate these into a performance appraisal applicable to the CAE and the Internal Auditors taken as a whole;
- i. Institute special investigations as necessary and, if appropriate, hiring special counsel or experts to provide the required assistance;
- j. Review evaluation of compliance with the Code of Conduct for management.

Financial Reporting

- k. Review the financial statements and all related disclosures and reports certified by the CFO and released to the public and/or submitted to the SEC and for compliance with both the internal financial management handbook and pertinent accounting standards, including legal and regulatory requirements;
- l. Review the quarterly, half-year and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, tax, legal, and stock exchange requirements;
- m. Review and approve the management representation letter before submission to the External Auditor;
- n. Ensure that a transparent financial management system, supported by a Procedures and Policies Handbook that will be used by the entire organization is established, to ensure the integrity of internal control activities throughout the Corporation;
- o. Elevate to international standards the accounting and auditing processes, practices and methodologies;

- p. Ensure that actions and measures in case of findings of error or fraud in the financial statements and related disclosures are in place and followed;
- q. Review unusual or complex transactions;
- r. Communicate with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact the financial statements.

External Audit

- s. Recommend the appointment and removal of the external auditor and the fixing of its remuneration to the Board. The Committee shall conduct an assessment of independence and professional qualifications and competence of the external auditor and ensure that a rotation process is observed in the engagement of the external auditor.
- t. Review and pre-approve the external auditor's plans one (1) month before the conduct of external audit to understand the basis for their risk assessment and financial statement materiality, including the scope and frequency of the audit.
- u. Discuss with the external auditor, before the audit commences, the nature and scope of the audit, and ensure cooperation when more than one professional service firm is needed. In addition, the Committee shall review compliance of external auditor with auditing standards.
- v. Monitor the coordination of efforts between the external and internal auditors;
- w. Ensure that the external auditor has free and full access to all the Corporation's records, properties and personnel relevant to and required by its function;
- x. Review the reports of the external auditor and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions in a timely manner, including addressing control, governance and compliance issues;
- y. Conduct a separate meeting in executive session, with the external auditor to discuss any matter that the Committee or external auditor believes should be discussed privately, including the results of the audit, year-end financial statements, and the quality of management, financial and accounting controls;
- z. Review and approve the proportion of audit versus non-audit work both in relation to their significance to the external auditor and in relation to the Corporation's year-end financial statements, and total expenditure on consultancy, and ensure that non-audit work will not be in conflict with the audit functions of the external auditor. The amount of both audit and non-audit work of external auditor shall be disclosed in the annual report;
- aa. Ensure that there is a process in place for understanding disagreements between the external auditor and the management of the Corporation.

The Internal Audit Group of the Corporation shall support the Audit Committee in the rendition of its functions.

2.5 Risk Management and Related Party Transactions Committee¹⁷

There shall be a Risk Management and Related Party Transactions Committee composed of at least three (3) non-executive members, majority of whom are independent directors, including the Chairman. The Chairman of the Risk Management and Related Party Transactions Committee shall not be the chairman of the Board or any other committee. At least one (1) member must have the relevant thorough knowledge and experience in risk and risk management. It shall have the following duties and responsibilities:

¹⁷ On November 9, 2021, the Board approved to combine the Board Risk Oversight Committee and Related Party Transactions Review Committee into this committee; approved name change on December 16, 2021

- a) Promote an open discussion regarding risks faced by the Corporation, as well as risks faced by its subsidiaries that may have potential impact on the Corporation's operations, and ensure that risk awareness culture is pervasive throughout the organization;
- b) Review and discuss with Management the Corporation's risk governance structure and adequacy of policies and processes for risk identification, assessment and mitigation;
- c) Review and recommend to the Management the Corporation's levels of risk appetite and risk tolerance, and risk exposure allocation for approval by the Board of Directors;
- d) Review the Corporation's risk profile on an ongoing basis and re-evaluate the likelihood of occurrence, severity of impact of risk exposures, and any mitigating measures affecting those risks;
- e) Monitor the implementation of the Corporation's risk mitigation plans and other risk management activities with the assistance of the risk management function;
- f) Review and discuss risk management-related reports and issues raised by the Management, internal auditors, external auditors, legal counsel and regulators that impact the Corporation's risk management framework;
- g) Review disclosures regarding risk contained in the Corporation's Annual Report and other publicly-issued statements;
- h) Review the objectivity, effectiveness and efficiency of the Corporation's risk management function in the context of the Corporation's size, scale, complexity and scope of operations;
- i) Secure independent expert advice on risk management matters where considered necessary or desirable;
- j) In coordination with the Audit Committee, ensure that the Corporation's internal audit work plan is aligned with risk management activities and that the internal control system considers all risks identified in the risk assessment process;
- k) Determine the advisability of, and review and evaluate the terms and conditions of any material or significant RPTs and their required reporting disclosures;
- l) Oversee the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPTs, including a periodic review of RPT policies and procedures;
- m) Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored and subsequent changes in relationships with counterparties, (i.e. from non-related to related and vice-versa) are captured;
- n) Ensure that appropriate disclosure is made and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures and policies on conflicts of interest or potential conflicts of interest;
- o) Report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- p) Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
- q) Ensure an active management oversight of sustainability efforts and climate-related risks and opportunities; and,
- r) Perform other activities related to this Charter as requested by the Board.

2.6 Sustainability Committee

The Sustainability Committee shall be composed of at least three (3) members, at least one (1) of whom is an independent director, as determined by the Board. The Board shall designate the Chairman of the Committee. The Committee has to be composed in such a way that it possesses as a group, the necessary knowledge, skills and experience required to properly perform its duties. The Committee shall regularly review its composition, taking into consideration the progressing standard of the Corporation, and best practices in sustainable development. As such, the Committee shall have the following particular duties and responsibilities:

- a) Provide oversight, identify and assess significant social, ethical and environmental interdependencies that might impact on the long-term business objective of the Corporation to be recognized as a responsible and sustainable company in its sector;
- b) Guide policy-making in the Corporation's sustainability program, and ensure full Corporation support and alignment with the Ayala Group of Companies' commitment to sustainable development;
- c) Regularly monitor new and innovative technologies, processes and practices that will permit the Corporation to attain sustainable growth;
- d) Regularly review both current and proposed partnerships and relationships with stakeholders that support the Corporation's sustainable growth;
- e) Regularly evaluate the Corporation's communication and marketing strategies related to sustainable growth;
- f) Review the sustainability-related content of the Corporation's annual report prior to its issuance.

Article IV

Management

1. General Responsibilities of Management

Management stands as the locus of decision-making for the day-to-day affairs of the Corporation. It determines the Corporation's activities by putting the Corporation's targets in concrete terms and by formulating the basic strategies for achieving these targets. It also puts in place the infrastructure for the Corporation's success by establishing the following mechanisms in its organization:

- i) purposeful legal and organizational structures that work effectively and efficiently in attaining the goals of the Corporation;
- ii) useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach;
- iii) information systems that are defined and aligned with IT strategy and the business goals of the Corporation;
- iv) a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation.

Management is primarily accountable to the Board for the operations of the Corporation. As part of its accountability, it is also obligated to provide the Board with complete, adequate information on the operations and affairs of the Corporation in a timely manner.¹⁸

2. Executive Officers of the Corporation

The Executive Officers of the Corporation are the President/CEO, the Corporate Secretary, the Treasurer, the Chief Operating Officer, the Chief Finance Officer and Compliance Officer.¹⁹ The Executive Officers shall be elected by the Board of Directors to hold office for a period of one (1) year until their successors have been elected and have qualified.

In addition, the Board of Directors shall appoint (from time to time) such other officers, agents and employees as it may be necessary or proper as provided in the Corporation's By-Laws.

3. Roles of the Executive Officers

3.1 President and Chief Executive Officer

The President shall be elected by the Board of Directors and shall be the Chief Executive Officer (CEO) of the Corporation. Management's operational responsibility shall center on the President/CEO, being ultimately accountable for the Corporation's organizational and procedural controls. In addition to the duties imposed on the President/CEO by the Board of Directors, the President shall:

- a) have general supervision of the business, affairs, and property of the Corporation, and over its employees and officers;
- b) see that all orders and resolutions of the Board of Directors are carried into effect;
- c) submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs; and
- d) report to the Board from time to time all matters within its knowledge which the interest of the Corporation may require to be brought to their notice.

¹⁸ SEC Memorandum Circular No. 2, series of 2002

¹⁹ ALLHC Amended By-Laws, Article IV, Section 1

The President shall have such other responsibilities as the Board of Directors may impose upon him.

3.2 Chief Operating Officer

The Chief Operating Officer shall have the following powers and duties²⁰:

- a) direct, administer, and coordinate the internal operational activity of the Corporation in accordance with the policies, goals and objectives developed and established by the President;
- b) direct the development and installation of procedures and controls and to promote communication and adequate information flow;
- c) develop and establish operating and personnel policies consistent with the President's broad policies and objectives and to ensure their adequate execution;
- e) participate in the development and preparation of short-term and long-term plans and budgets;
- f) Appraise, evaluate and report the result of overall operations; and
- g) Perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

3.3 Chief Finance Officer

The CFO shall act as Controller of the Corporation. The CFO who may also be the Treasurer of the Corporation, shall have the following powers and duties:

- a) have custody of all the Corporation's books of account, including oversight in the maintenance of these books of account and records of all assets, liabilities and transactions of the Corporation to ascertain accuracy and completeness;
- b) render an annual statement showing the financial condition of the Corporation and such other financial reports as the Board of Directors, or the President may, from time to time require;
- c) prepare the financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies;
- d) provide management with accurate, relevant, and timely operating and financial reports and analysis necessary for financial planning and strategy formulation, and monitor actual implementation of budgets, plans and programs towards the achievement of corporate goals;
- e) maintain the integrity of accounting records as the basis of financial statements and reports provided to management for decision-making and to government regulatory bodies in compliance with statutory requirements;
- f) promote investor confidence in the Corporation by addressing the various information requirements of the investing public and ensuring that other legal reportorial obligations to various entities are complied with;
- g) strengthen internal controls by monitoring compliance with policies; recommend to management appropriate actions and changes in systems and procedures as necessitated by circumstances;
and

The Chief Finance Officer shall have such other responsibilities as the Board of Directors may impose upon him.

²⁰ ALLHC Amended By-Laws, Article IV, Section 4

3.4 Treasurer

The Treasurer shall have charge of all funds, securities, receipts and disbursements of the Corporation. He shall have the following functions:

- a) deposit or cause to be deposited all moneys and valuable effects in the name of and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories, as the Board may from time to time designate;
- b) regularly and at least every semester render to the President or to the Board an account of the fund condition of the Corporation and of all his transactions as such;
- c) ensure funds availability on a timely basis and at the most economical means;
- d) optimize yields in temporary excess funds;
- e) provide relevant and timely capital market information; and
- f) ensure appropriate coverage and management of risk to resources.

The Treasurer shall have such other responsibilities as the Board of Directors may impose upon him.

3.5 Corporate Secretary

The Corporate Secretary shall be a resident and citizen of the Philippines. He is an officer of the Corporation and his loyalty to the mission, vision and specific business objectives of the Corporation comes with his duties. Considering his varied functions and responsibilities, he must possess organizational and interpersonal skills, and the legal skills of a chief legal officer. He must also have some financial and accounting knowledge. He should not be a member of the Board of Directors and should and should annually attend a training on corporate governance.

The Corporate Secretary shall have the following functions²¹:

- a) serve as adviser to the directors on their responsibilities and obligations;
- b) keep the minutes of meetings of the stockholders, the Board of Directors, the Executive Committee, all other committees, as well as other official records of the Corporation in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President, and other members of the Board as appropriate;
- c) work fairly and objectively with the Board, Management, stockholders and other stakeholders;
- d) keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same;
- e) have charge of the stock certificate book and such other books and papers as the Board may direct;
- f) attend to the giving and serving of notices of Board and shareholders' meetings as provided in the By-Laws;
- g) fully informed and be part of the scheduling process of other activities of the Board;
- h) assist the Board and the board committees in the conduct of their meetings including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
- i) oversee adequate flow of information to the Board prior to meetings; and

²¹ SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

- j) ensure fulfillment of disclosure requirements to the SEC and Exchange.

The Corporate Secretary shall have such other responsibilities as the Board of Directors may impose upon him. The Board shall have separate and independent access to the Corporate Secretary.

3.6 Compliance Officer

The Compliance Officer shall be appointed by the Board of Directors to be in charge of the compliance function and shall hold the position of Vice President or its equivalent. The Compliance Officer shall not be a member of the Board of Directors and shall annually attend training on corporate governance. He shall be a separate individual from the Corporate Secretary and shall perform the following functions:

- a) ensure proper onboarding of new directors (i.e. orientation on the Corporation's business, charter, Articles of Incorporation and By-laws, among others);²²
- b) monitor, review, evaluate and ensure compliance by the Corporation, its officers and directors with the relevant laws, the Code of Corporate Governance for PLCs, rules and regulations and all governance issuances of regulatory agencies;
- c) report matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- d) ensure the integrity and accuracy of all documentary submissions to regulators;
- e) appear before the SEC when summoned in relation to compliance with the Code of Corporate Governance for PLCs;
- f) collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- g) aid in the review of the Corporation's transactions and identify any potential material Related Party Transactions (RPTs) that would require review by the Board and ensure that the Corporation's RPT policy is kept updated and is properly implemented²³;
- h) issue annually an Integrated Annual Corporate Governance Report (I-ACGR) that is duly signed by the Chairman, the President and Chief Executive Officer, all Independent Directors of the Corporation, Compliance Officer and Corporate Secretary;
- i) identify possible areas of compliance issues and works towards the resolution of the same;
- j) ensure the attendance of board members and key officers to relevant trainings;
- k) oversight over the responsibilities of the Data Protection Officer relating to data integrity, protection, and privacy in accordance with applicable rules.

The Compliance Officer shall have such other responsibilities as the Board of Directors may impose upon him.

4. Training of Executive Officers

Key officers of the Corporation shall attend a four-hour annual continuing training program, including courses on corporate governance and on other relevant areas as determined from training and development needs assessment.

²² SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

²³ ALLHC Related Party Transactions Policy, Item 12

Article V

Governance Policy on Conflict of Interest

The personal interest of Directors and officers should never prevail over the interest of the Corporation. The Directors are required to be loyal to the organization so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the Corporation. They must promote the common interest of all shareholders and the Corporation without regard to their own personal and selfish interests.²⁴

- a) A conflict of interest exists when a Director or an officer of the Corporation–
 - i. Supplies or is attempting or applying to supply goods or services to the Corporation;
 - ii. Supplies or is attempting to supply goods, services or information to an entity in competition with the Corporation;
 - iii. By virtue of his office, acquires or is attempting to acquire for himself a business opportunity which should belong to the Corporation;
 - iv. Is offered or receives consideration for delivering the Corporation's business to a third party;
 - v. Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Corporation.
- b) If an actual or potential conflict of interest should arise on the part of Directors, it should be fully disclosed and the concerned Director should not participate in the decision making. A Director who has a continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board.
- c) A contract of the Corporation with one (1) or more of its Directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:²⁵
 - i. The presence of such Director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
 - ii. The vote of such Director was not necessary for the approval of the contract;
 - iii. The contract is fair and reasonable under the circumstances;
 - iv. The contract is approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the contract;
 - v. In case of an officer, the contract has been previously approved by the Board of Directors.

Where any of the first three (3) conditions set forth in the preceding paragraph is absent, in the case of a contract with a Director, such contract may be ratified by the vote of stockholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; provided that full disclosure of the adverse interest of the Director involved is made at such meeting; and provided further that the contract is fair and reasonable under the circumstances.

- d) Where a Director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the Director must account to the latter for all such profits by refunding the same, unless his act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable notwithstanding the fact that the Director risked his own funds in the venture.²⁶

The foregoing is without prejudice to the Corporation's existing Code of Conduct and Ethics for its officers, employees and staff.

²⁴ SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

²⁵ Revised Corporation Code, Section 31

²⁶ Revised Corporation Code, Section 33

Article VI

Audit, Risk Oversight and Compliance

1. Internal Audit

- a) The Internal Audit Group shall provide independent and objective assurance and advisory services to the Corporation designed to add value and improve on the organization's operations. It shall provide the Board, Management and the stockholders and other stakeholders 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 other stakeholders. It shall also provide the Board, Management and the stockholders and other stakeholders with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with. It shall review, audit and report on, among others, the effectiveness of the system of organizational controls, taking into account 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.
- b) It shall perform its auditing functions faithfully by maintaining independence from the Management and controlling shareholders.
- c) The Internal Audit Group shall be headed by a Chief Audit Executive (CAE). The CAE shall preferably be a Certified Public Accountant and/or a Certified Internal Auditor and shall report to the Audit Committee of the Board of Directors.
- d) The internal auditors shall report that their activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the relevant reports and recommendations of the various governing agencies such as the SEC.²⁷ Otherwise, the CAE shall disclose to the Board and Management that it has not yet achieved full compliance with the standards for the professional practice of internal auditing.²⁸

2. External Audit

- a) The Board, through the Audit Committee, shall recommend to the stockholders the appointment of a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which the financial statements shall have been prepared and presented.
- b) The External Auditor shall-
 - i. perform fair audits independently from the Corporation, its management and controlling shareholders, so that shareholders and other users may maintain confidence in the Corporation's accounting information;
 - ii. check whether any fact conflicts with the audit results in the information disclosed regularly with the audited financial statements, and demand correction, if necessary;
 - iii. attend the annual stockholders' meeting and answer any questions on audit reports and on themselves, their work and their remuneration;
 - iv. perform such other functions as may be approved by the Board in its engagement of the auditor provided, however, that non-audit work shall not be in conflict with the functions of the auditor as External Auditor.
- c) The External Auditor shall be required to stipulate its duties and responsibilities to the Corporation.
- d) The External Auditor or key engagement partners shall be rotated and changed in accordance with the requirements prescribed by applicable laws and regulations such as the rotation period.

²⁷ ALLHC Internal Audit Charter

²⁸ SEC Memorandum Circular No. 2, Series of 2002 Code of Corporate Governance

- e) The reason/s for the resignation, dismissal or cessation from service and the date thereof of an External Auditor shall be reported in the Corporation's annual and current reports. The said report shall include a discussion of any disagreement with said former External Auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused making reference to the subject matter of the disagreement in connection with its report.²⁹
- f) If an External Auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, the External Auditor shall present his views in the said report.

3. Risk Oversight

In managing the Corporation's risk management system, the Corporation shall have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfil his responsibilities, subject to the Corporation's size, risk profile and complexity of operations.³⁰

The CRO has the following functions, among others³¹:

- a) supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM process and documentation;
- b) communicate the top risks and the status of implementation of risk management strategies and actions plans to the Risk Management and Related Party Transactions Committee;
- c) collaborate with the President in updating and making recommendations to the Risk Management and Related Party Transactions Committee;
- d) suggest ERM policies and related guidance, as may be needed; and
- e) provide insights on the following:
 - i. risk management processes are performing as intended;
 - ii. risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - iii. established risk policies and procedures are being complied with.

There should be a clear communication between the Risk Management and Related Party Transactions Committee and the CRO.

4. Compliance System

The Corporation's compliance system shall be overseen by the Compliance Officer appointed by the Board of Directors. The Compliance Officer shall ensure the Corporation's compliance with all relevant laws, rules and regulations, particularly of all relevant regulatory agencies.

²⁹ SEC Memorandum Circular No. 2, series of 2002

³⁰ SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

³¹ SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

Article VII

Communication and Information

1. Management Responsibility for Information

Management is primarily responsible to the Board for financial reporting and control, and to this extent, shall:

- a. Present a balanced and understandable assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
- b. Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
- c. Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
- d. Maintain a sound system of internal control to safeguard stockholders' investment and the Corporation's assets;
- e. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
- f. Require the CAE to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee of the Board. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management.

Management shall be primarily responsible for the adequate flow of information to the Board. 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 internal financial statements. Any variance between projections and actual results should also be disclosed and explained by Management to the Board.

Management, through the Investor Relations function, shall be responsible for publicly and timely disclosure of all material information about the Corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management

The Board shall therefore commit at all times to full disclosure of material information dealings, including non-financial information, with emphasis on the management of material economic, environment, social and governance issues of the business, which underpin sustainability, in line with the guiding principles and content elements of the Integrated Reporting framework and the Global Reporting Initiative (GRI) Standards 2016. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders.

2. Trading Blackout Periods

All covered persons are prohibited from trading the Corporation's securities on the day of disclosure and during the following designated blackout periods, whether or not in possession of material non-public information:

- a. For structured disclosures- five (5) trading days before, and two (2) trading days after the disclosure of quarterly and annual financial results; and
- b. For non-structured disclosures - two (2) trading days after the disclosure of any material information other than quarterly and annual financial results

All covered persons shall report their trades in accordance with the Insider Trading Policy of the Corporaiton.³²

³² ALLHC Insider Trading Policy (2021)

3. The Investor Relations Function

There shall be an Investor Relations Group within the Corporation, which shall be tasked with:

- a) Creation and implementation of an investor relations program that reaches out to all shareholders and fully informs them of corporate activities;
- b) Formulation of a clear policy on communicating or relating relevant information to Corporation's stockholders and to the broader investor community accurately, effectively and sufficiently;
- c) Preparation of certain disclosure documents to the SEC and the Exchange; and
- d) Assist in the dissemination of the Manual to the directors, management and employees.

The Investor Relations Group shall report to the Chief Finance Officer.

4. Communication of this Manual

This Manual shall be submitted to and made available at the SEC. It shall also be available for inspection by any stockholder of the Corporation at its principal office during reasonable hours on a business day.

The Manual shall be posted in the website of the Corporation to facilitate access for shareholders and stakeholders of the Corporation.

5. Channels of Communication

The Corporation shall include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.³³

³³ SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

Article VIII

Stockholders' Rights and Protection of Minority Stockholders' Interests

1. Shareholder Rights

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

1.1 Voting Right

All stockholders have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code.

The Corporation shall allow voting in person, through remote communication, or in absentia, electronically or otherwise or may be represented by proxy at any regular or special meeting, subject to compliance with the rules and regulations as may be issued by the Securities and Exchange Commission from time to time. Stockholders casting votes by remote communication or in absentia shall be deemed present for the purposes of determining quorum.³⁴

Cumulative voting shall be used in the election of directors. Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds (2/3) of the outstanding capital of the Corporation.

Any stockholder may nominate candidates for election to the Board of Directors by sending a nomination letter to the Corporate Governance and Nomination Committee within the relevant deadline as may be approved by the Board and disclosed pursuant to the rules of the SEC and Exchange. All nominations will be reviewed and deliberated upon by the Corporate Governance and Nomination Committee prior to endorsing the qualified candidates for ratification and approval of the Board.

1.2 Pre-emptive Right

All shareholders have pre-emptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation may lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law so long as they are not in conflict with the Revised Corporation Code.

1.3 Right of Inspection

Shareholders shall be allowed to inspect corporate books and records including minutes of Board meeting and stock registries in accordance with the Revised Corporation Code and shall be provided an annual report, including financial statements, without cost or restrictions.

1.4 Right to Information

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. The Information Statement/Proxy Statement where these are stated must be distributed to the shareholders before annual general meetings and in the Registration Statement and Prospectus in case of registration of shares for public offering with the SEC.

The minority shareholders shall have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, subject to reasonable advance notice and other guidelines issued by the Board which are consistent with applicable laws, rules and regulations of the SEC.

In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholder having a legitimate purpose for such access.

³⁴ Revised Corporation Code, Section 57

The Board shall make the results of the votes taken during the most recent annual or special stockholders' meeting publicly available the next working day. In addition, the minutes of the annual stockholders' meeting or special stockholders' meeting on the corporate website within five (5) business days from end of the meeting.³⁵

1.5 Right to Dividends

Shareholders have the right to receive dividends subject to the discretion of the Board and the availability of unrestricted retained earnings. However, the Commission may direct the Corporation to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

1.6 Appraisal Right

In accordance with the Revised Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

- i. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders 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;
- ii. 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;
- iii. In case of merger or consolidation; and
- iv. In case of investment of corporate funds for any purpose other than the primary purpose of the Corporation.

1.7 Alternative Dispute Resolution Mechanism for Intra-Corporate Disputes

Any dispute, controversy or claim between the Corporation and its stockholders arising from, relating to, or in connection with the implementation of the Articles of Incorporation or By-Laws, or from intra-corporate relations, except those involving criminal offenses and interests of third parties, may be referred to and resolved by arbitration in accordance with prevailing Philippine Dispute Resolution Center, Inc. (PDRCI) Arbitration Rules and SEC Rules and Regulations.³⁶

2. Duty of Directors to Promote Shareholders' Rights

It is the duty of the directors to promote shareholders' rights, remove impediments to the exercise of shareholders' rights and recognize lawful mechanisms to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms.

They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

³⁵ SEC Memorandum Circular No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies

³⁶ ALLHC Amended By-Laws, Article VI

Article IX

Penalties for Non-compliance with this Manual

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, in case of violation of any of the provisions of this Manual:

1. In case of first violation, the subject person shall be reprimanded;
2. In case of second violation, suspension from office shall be imposed. The duration shall be at the reasonable discretion of the Board, depending on the gravity of the violation;
3. For third violation, removal from office. The commission of a third violation of this Manual by any member of the Board shall be a sufficient cause for removal from directorship.

Article X

Review and Amendment of the Manual

1. The provisions of this Manual and the enforcement thereof shall be subject to periodic review.
2. All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant state.
3. This Manual is subject to review and amendment to take into account the Corporation's changing needs, factual conditions prevailing in the environment and regulatory requirements.

Article XI


Charters of the Board and Board Committees and Company Policies


1. The Charters of the Board and Board Committees, and any amendments thereto, are deemed incorporated into this Manual.
2. Company Policies relating to governance and its stakeholders (i.e, Whistleblowing Policy, Insider Trading Policy, Conflict of Interest Policy), and their amendments, are deemed included in this Manual.

Article XII

Adoption and Effectivity of the Manual

This Manual shall be effective upon approval of the Board of Directors. This supersedes the previous Manual adopted by the Board of Directors of the Corporation on 29 May 2017 and became effective on 01 June 2017. This Manual was amended on 14 May 2020 and 11 November 2020, and was most recently amended on 9 November 2021 and 22 February 2022.


JOSE EMMANUEL H. JALANDONI
Chairman of the Board


FRANCIS M. MONTOJO
Chief Finance Officer, Compliance Officer
and Chief Risk Officer