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S.E.C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

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Contact Person

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Company Telephone Number

1	2
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Month Day
Fiscal Year

3	1
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Day

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Month

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Day
Annual Meeting

REVISED MANUAL ON CORPORATE GOVERNANCE

FORM TYPE

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be Accomplished by SEC Personnel concerned

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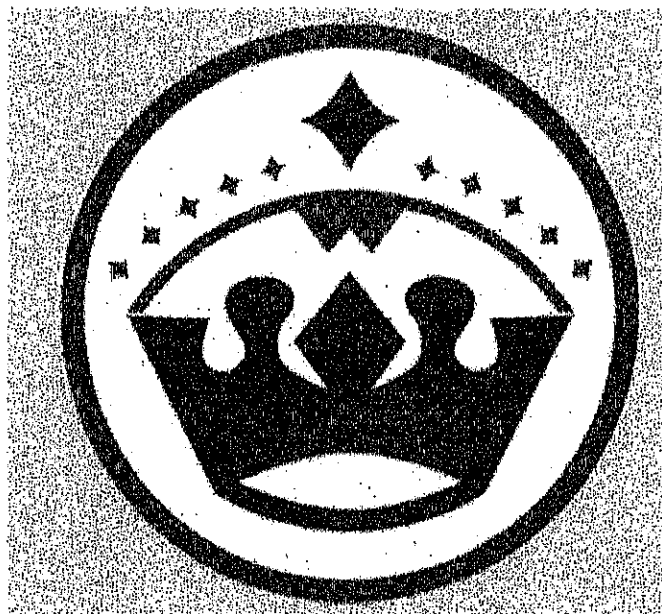
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Cashier

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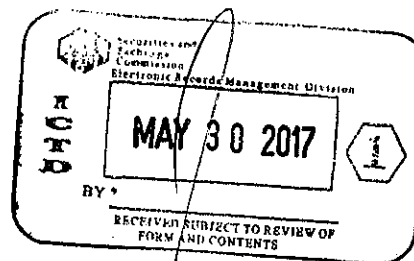
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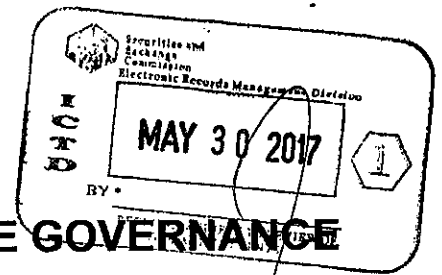


**CROWN ASIA CHEMICALS
CORPORATION**

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REVISED MANUAL ON CORPORATE GOVERNANCE

CROWN ASIA CHEMICALS CORPORATION

CROWN ASIA CHEMICALS CORPORATION (the "Company" or "Corporation") promulgates this Revised Manual on Corporate Governance (the "Manual") which provides the framework of rules, systems and processes that govern the performance of the Board of Directors (the "Board") and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, its customers, employees, suppliers, financiers, government, and the community in which it operates.

The Board of Directors and Management, i.e. officers and staff, of the Company hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of the Company's goals.

In pursuit of transparency, accountability, fairness and integrity, this Revised Manual on Corporate Governance was approved and adopted by the Board of Directors on 18 May 2017.

1 OBJECTIVE

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

The Board of Directors and Management, employees and shareholders, believe that corporate governance is an important and necessary component of sound business management and will therefore undertake to nurture and maintain awareness within the organization.

2 RULES OF INTERPRETATION

- A. All references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.
- B. All doubts or questions that may arise in the interpretation of application of this Code shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders, and other stakeholders of the Corporation.

3 COMPLIANCE SYSTEM

3.1 Compliance Officer

3.1.1 To ensure adherence to corporate principles and best practices, the Board of Directors shall appoint a Compliance Officer.

3.1.2 To the extent allowed by the Company's resources, and subject to the availability of personnel suitable for the position, the Compliance Officer:

- a. Shall be a separate individual from the Corporate Secretary.
- b. Shall have adequate stature and authority in the Company, preferably, with the rank of Senior Vice President or an equivalent position.
- c. Shall not be a member of the Board of Directors.
- d. Shall be required to attend a training on corporate governance annually.

3.1.3 The Compliance Officer shall perform the following duties:

- a. Monitor compliance with the provisions and requirements of this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation.
- b. Appear before the Securities and Exchange Commission upon summons on matters relative to corporate governance that need to be clarified.
- c. Determine violations of the Manual and recommend the appropriate penalty for violation thereof for further review and approval of the Board.
- d. After the end of each year, issue a certification or attest on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reasons for the deviation from the same.
- e. Identify, monitor and control compliance risks.

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

3.2 Plan of Compliance

3.2.1 Board of Directors

The Board of Directors shall be composed of such number of Directors as shall be provided in the Articles of Incorporation, duly elected by the stockholders entitled to vote in accordance with the By-Laws, the Corporation Code and the Securities Regulation Code.

The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Company's industry.

The Board shall ensure that it has an appropriate mix of competence and expertise, and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environments and strategic direction.

The directors shall be elected annually by the stockholders at the annual meeting and shall hold office until their successors are elected and qualified, unless removed from office as provided by law. If any vacancy shall occur among the directors by death or from any other cause, such vacancy may be filled by vote of the majority of the directors constituting a quorum at any directors' meeting. The remaining directors shall continue to act, but if at any time their number be reduced to less than a majority, the vacancies shall be filled by the stockholders at a special meeting called for the purpose.

Directors may be removed and the vacancies so caused shall be filled in a manner as prescribed by law.

The Board shall have at least three (3) Independent Directors qualified as such in accordance with the relevant provisions of the Securities Regulation Code and other regulations of the Securities and Exchange Commission.

The Charter of the Board of Directors is attached as **Annex "A"** hereof.

3.2.1.1. General Responsibility of the Board

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

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

The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor management's performance.

3.2.1.2. Specific Duties and Functions of the Board

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

- a. Install a process of selection to ensure a mix of competent directors and officers.
- b. Review, at intervals deemed appropriate for the Corporation's purpose, its vision and mission and strategies to carry out its objectives.
- c. Ensure to the best of its ability that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- d. Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.
- e. Review at appropriate intervals the company's list of stakeholders, its manner and frequency of communicating with them, appropriate to the size of the Company, its number of shareholders, the complexity and variability of its operations, to insure the optimum system of informing them of corporate developments consistent with the Company's financial capability.

- f. Adopt a system of internal checks and balances;
- g. Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- h. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall continue to be given due consideration. The minutes of all meetings shall be duly recorded to the degree appropriate; and
- i. Continue to keep Board actions within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws, and existing laws, rules and regulations.

3.2.1.3. Duties and Responsibilities of a Director

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

A director shall have the following duties and responsibilities:

- To conduct fair business transactions with the Corporation and to ensure that personal interest does not (bias Board decisions) conflict with the interests of the Corporation;

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

- To devote time and attention necessary to properly (discharge) and effectively perform his duties and responsibilities;

A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review committee materials and, if called for, ask questions or seek explanation.

- To act judiciously;

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

- To exercise independent judgment;

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Corporation.

- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.

A director should also keep himself abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

- To observe confidentiality;

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

3.2.2 Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute the following Committees: Audit Committee, Corporate Governance Committee, Board Risk Oversight Committee, and Executive Committee. The Board may form other committees as it may deem appropriate.

The Board shall appoint the members and chairman (from among the members) of each Board Committee following the annual meeting of stockholders at which the directors are elected. In case of any vacancy in the Board Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board subject to the provision of its Committee Charters.

Each Board Committee shall have a Charter which shall define and govern, among other matters, its purposes, composition, membership qualifications and disqualifications, duties and responsibilities, conduct of meetings, and procedures for escalation to the Board of decisions of such Board Committee.

3.2.2.1 Audit Committee

The Audit Committee shall be composed of at least three (3) appropriately qualified Non-Executive members of the Board, majority of whom shall be Independent Directors.

The Chairman of the Audit Committee should be an Independent Director, and should not serve as Chairman of the Board or of any of the other board committees.

All of the members of the Audit Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.

The Charter of the Audit Committee is attached as Annex "B" hereof.

3.2.2.2 Corporate Governance Committee

The Corporate Governance Committee shall be composed of at least three (3) members of the Board.

At least three (3) members of the Corporate Governance Committee, including the Chairman thereof, shall be Independent Directors.

The Charter of the Corporate Governance Committee is attached herewith as **Annex "C"**.

3.2.2.3 Board Risk Oversight Committee

The Board Risk Oversight Committee shall be composed of at least three (3) members of the Board, majority of whom shall be Independent Directors.

The Chairman of the Board Risk Oversight Committee should be an Independent Director, and should not serve as Chairman of the Board or of any of the other board committees.

At least one (1) member of the Board Risk Oversight Committee must have relevant thorough knowledge and experience on risk and risk management.

The Charter of the Board Risk Oversight Committee is attached herewith as **Annex "D"**.

3.2.2.4 Executive Committee

The Executive Committee shall be composed of at least three (3) members of the Board. The Chairman of the Board shall be the Chair of the Committee. The other members of the Committee shall be appointed annually by the Board.

The Executive Committee shall have the power to act on such specific matters within the competence of the Board, as may be delegated to it by the Board, except with respect to: (1) the approval of any action for which shareholders approval is also required; (2) the filling of vacancies in the Board; (3) the amendment or repeal of By-laws or the adoption of new By-laws; (4) the amendment or repealable; and (5) a distribution of cash dividends to the shareholders, among others.

The Charter of the Executive Committee is attached as **Annex "E"** hereof.

3.2.3 The President (Chief Executive Officer)

3.2.3.1 The positions of Chairman of the Board and President (Chief Executive Officer) should be held by separate individuals and each should have clearly defined responsibilities.

3.2.3.2 The President (Chief Executive Officer) has the

following roles and responsibilities, among others:

- a. Determine the Company's strategic direction and formulate and implement its strategic plan on the direction of the business.
- b. Communicate and implement the Company's vision, mission, values, and overall strategy; and promote any organization or stakeholder change in relation to the same.
- c. Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan.
- d. Has a good working knowledge of the Company's industry and market and keeps up-to-date with its core business purpose.
- e. Direct, evaluate, and guide the work of the key officers of the Company.
- f. Manage the Company's resources prudently and ensure a proper balance of the same.
- g. Provide the Board with timely information, and interface between the Board and the employees.
- h. Build the corporate culture and motivates the employees of the Company.
- i. Serve as the link between internal operations and external stakeholders.

3.2.4 The Corporate Secretary

3.2.4.1 The Corporate Secretary is an officer of the Company. As such, a high level of competence and dedication to duty is expected of him. He must be loyal to the mission, vision and objectives of the Company.

3.2.4.2 The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines.

3.2.4.3 Subject to the Company's requirements, as well as the availability of resources and suitable personnel, the Corporate Secretary shall be a separate individual from the Compliance

Officer.

3.2.4.4 The Corporate Secretary shall not be a member of the Board.

3.2.4.5 Considering his varied functions and duties, he must possess some level of competence not only in legal matters but also in other areas deemed necessary for him to perform the tasks assigned to him. He must possess appropriate administrative, interpersonal and legal skills, be aware of the laws, rules and regulations necessary in the performance of their duties or responsibilities. He must also have a working knowledge of the operations of the Company.

3.2.4.6 Duties and Responsibilities

The Corporate Secretary shall have the following duties and responsibilities:

- a. 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 respective chairpersons of the Board and its committees to set agendas for those meetings.
- b. Safe keep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Company.
- c. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advise the Board and the Chairman on all relevant issues as they arise.
- d. Work fairly and objectively with the Board, Management and stockholders; and contribute to the flow of information between the Board and Management, the Board and its committees, and the Board and its stakeholders, including shareholders.
- e. Advise on the establishment of board committees and their terms of reference.
- f. Inform members of the Board, in accordance with the By-Laws, of the agenda of their meetings at least five working days in advance; and ensure that the members have before

them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

- g. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so.
- h. Ensure that all Board procedures, rules and regulations are strictly followed by the members.
- i. Perform required administrative functions.
- j. Oversee the drafting of the By-Laws and ensure that they conform with regulatory requirements.
- k. Perform such other duties and responsibilities as may be provided by the Commission, including, but not limited to, the Submission to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.
- l. Attend a training on corporate governance annually.

3.2.5 External Auditor

3.2.5.1 An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Company. The external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee from the pool of duly accredited independent auditor by the SEC.

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

3.2.5.3 The external auditor or the lead partner thereof primarily responsible for the audit of the Company or the review thereof shall be rotated or changed at least one every five (5) years.

3.2.5.4 Duties and Responsibilities

- The external auditor shall enable an environment of sound corporate governance as reflected in the financial records and reports of the Company. The external auditor shall undertake an independent audit and provide an objective assurance on the matter by which the Company's financial statements have been prepared and presented.
- If an external auditor believes that the statements made in the Company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.
- The external auditor of the Company shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor or shall not pose a threat to his independence. "Non-audit work" refers to other services offered by the external auditor to the Company that are not directly related and relevant to its statutory audit functions, such as payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services and other services, that may compromise the independence and objectivity of the external auditor.

3.2.6 Internal Auditor

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

3.2.6.2 An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation should be maintained for the benefit of all stockholders and other stakeholders.

3.2.6.3 The Internal Auditor shall report to the Audit Committee and the CEO.

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

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

3.2.7 Risk Management Officer (Chief Risk Officer)

3.2.7.1 The Company shall designate a Risk Management Officer (Chief Risk Officer) who shall implement policies on risk management and coordinate with the Internal Auditor in the maintenance of effective and efficient internal control system.

3.2.7.2 The Risk Management Officer shall identify and evaluate the significant risks faced by the Company for consideration by the Board of Directors through the Board Risk Oversight Committee by: (a) identifying and describing the potential risks; (b) ranking each risks according to probability and impact; (c) determining the type of control measures required; (d) assessing the residual risk after implementation of control measures; (e) allocating an owner to the residual risk; (f) communicating the results and (g) monitoring, reviewing and communicating at regular defined intervals.

3.2.7.3 Provide adequate information on timely manner to the Board Risk Oversight Committee on the status of risks and control especially when key risk indicators are emerging and be closely monitored on a regular basis.

3.2.7.4 Undertake together with the internal auditor an annual review of effectiveness of system of internal control and provide a report to the Board Risk Oversight Committee.

3.2.7.5 Liaise with all subsidiaries and business units within the group to ensure risks facing the group are identified and addresses in accordance with Company's policy or procedure.

3.2.7.6 The Risk Management Officer shall report to the Board Risk Oversight Committee and the CEO.

4 COMMUNICATION PROCESS

4.1. This Manual shall be available for inspection by any stockholder of the Corporation at the Company's head offices during regular office hours on business days subject to such express limitations provided by the Corporation Code and other relevant laws, circulars, rules and regulations.

4.2. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of the contents of this Manual to all employees and related third parties and to likewise enjoin continuing compliance.

4.3. An adequate number of printed copies of this Manual must be reproduced with a minimum of at least one (1) hard copy of the Manual per operating division.

5 TRAINING PROCESS

5.1. If necessary, funds shall be allocated by the appropriate officer for the purpose of conducting an orientation program or workshop to improve the understanding of and fully implement this Manual.

5.2. A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute duly accredited by the Securities and Exchange Commission (SEC). Those directors who assumed office prior to the issuance of this manual shall comply with this requirement if they are to be considered for reelection.

5.3 All key officers and members of the Board are enjoined or as may be required by the Securities and Exchange Commission (SEC), to attend, at least once a year, a program on Corporate Governance conducted by training providers that are duly accredited by the Commission.

6 REPORTORIAL DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

6.1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer;

6.2. All material information about the Corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, if the amount of such acquisition or disposal shall involve a significant effect on the financial structure of the Company or is not be in the normal course of business. Board changes, related party transactions, material changes in the share holdings of directors such as to affect management and or ownership control of the business must be disclosed.

6.3. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management. Major changes in corporate strategy, and off balance sheet transactions, the size of which has a significant effect on the business should always be disclosed.

6.4. In compliance with Section 4.2 of the Revised Disclosure Rules of the Philippine Stock Exchange (PSE) entitled "Selective Disclosure of Material Information", directors, officers and staff shall likewise observe the following:

"An Issuer is prohibited to communicate material information non-public information about the Issuer to any person, unless the Issuer is ready to simultaneously disclose the material non-public information to the Exchange. This rule does not apply if the disclosure is made to:

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

The issuer shall establish and implement internal controls that will ensure that its officers, staff and any other person who is privy to the material non-public information shall comply with the requirement of this rule.

The Company being a listed company, if selectively disclosing material non-public information to securities analysts, institutional investors or other third parties who do not fall under letters a and b above, ahead of the general public, shall be considered as violating this exchange rule.

6.5. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

6.6 The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required

information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

7 SHAREHOLDER'S BENEFIT

The company recognizes that good corporate governance should be visible to its shareholders. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and its shareholders.

7.1 INVESTORS' RIGHTS AND PROTECTION

7.1.1. Rights of Investors/Minority Interests

The Board shall be committed to respect the following rights of the stockholders as provided for in the Corporation Code as well as the Articles of Incorporation, By-laws and all resolutions adopted by the Board:

7.1.2. Voting Right

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

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

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

7.1.3. Preemptive Right

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

7.1.4. Power of Inspection

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

7.1.5. Right to Information

7.1.5.1. The Shareholders shall be provided, upon reasonable request, with periodic reports which disclose professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers. Such information is found in the annual report.

7.1.5.2. The minority shareholders shall have reasonable access to information relating to matters for which the management is accountable for, provided that such information shall not include details of corporate strategy, proprietary formulations, or similar matters, which if revealed to competitors would cause the Company harm.

Such requests for information shall be addressed to the Chairman of the Board who is required to refer such requests to the management at the next Board meeting. The Board shall decide on whether or not to grant the request. If, in the opinion of the Board, it considers the request for information as unreasonable or may have adverse effect on the Corporation, it shall so inform the requesting shareholder, copy furnished the SEC.

Minority shareholders shall also have the right to request certain items to be placed on the agenda of the shareholders meeting. Such requests shall be addressed to the Chairman who shall agenda the request for the next board meeting. As in the request for information, the Board shall act on the request and if it does not grant the same, it shall inform the shareholder and the SEC of its action.

Any shareholder not satisfied with this action may bring this matter to the attention of the shareholders under other matters during the annual meeting, in which case the final decision on whether or not to deliberate on the matter will be exercised by the shareholders.

7.1.6. Right to Dividends

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

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

7.1.7. Appraisal Right

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

- o 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;
- o In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- o In case of merger or consolidation.

7.1.8. It shall be the duty of the Board (directors) to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights as such in accordance with applicable laws.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. Stockholders should be encouraged to personally attend such

meetings and they should be apprised ahead of time of their right to appoint a proxy in case they could not personally attend such meeting. The exercise of that right should not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor, subject to the requirements of applicable laws, regulations and the By-laws.

The Board shall be instrumental in removing excessive or unnecessary costs and other administrative or practical impediments to shareholders' participation in meetings and/or voting in person or by proxy. Relevant and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints, and subject to the financial capability of the corporation.

8 MONITORING AND ASSESSMENT

8.1. Each Committee shall report regularly to the Board of Directors.

8.2. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 9 of this Manual.

8.3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.

8.4. This Manual shall be subject to yearly review. The frequency of review as well as amendment of its provisions is the prerogative of the Board, subject to applicable rules and regulations of the PSE, the SEC, as well as pertinent provisions of law.

8.5. All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

9 PENALTIES FOR NONCOMPLIANCE WITH THE MANUAL

9.1. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their

respective directors, officers and staff in case of violation of any of the provision of this Manual:

- o In case of **first violation**, the subject person shall be reprimanded.
- o Suspension from office shall be imposed in case of **second violation** . The duration of the suspension shall depend on the gravity of the violation.
- o **For third violation**, the maximum penalty of removal from office shall be imposed.

9.2. The commission of a third violation of this Manual by any member of the board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

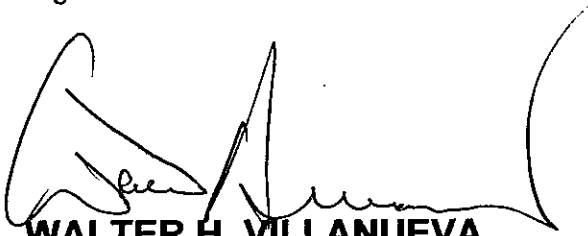
9.3. The Compliance Officer shall be responsible for determining violations through notice and hearing and shall recommend to the Chairman of the Board the penalty for such violation, for further review and approval of the Board.

10 APPROVAL AND EFFECTIVITY

10.1 This Revised Manual on Corporate Governance has been approved and adopted by the Board of Directors on __ May 2017 and shall take effect immediately.

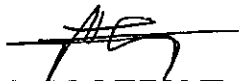
Amendments to comply with the regulatory issuances of the Securities and Exchange Commission (SEC) shall be deemed adopted and effective upon the effectivity of the regulatory issuance.

Signed:

A handwritten signature in black ink, appearing to read 'Walter H. Villanueva', written over the printed name.

WALTER H. VILLANUEVA

Chairman

A handwritten signature in black ink, appearing to read 'Hans Joseph T. Perez', written over the printed name.

HANS JOSEPH T. PEREZ

Compliance Officer

ANNEX “A”

CHARTER OF THE BOARD OF DIRECTORS

I. Purpose

Compliance with the principles of good corporate governance shall start with the Board. It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities to ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders.

II. Membership

The Board of Directors shall be composed of such number of Directors as shall be provided in the Articles of Incorporation, duly elected by the stockholders entitled to vote in accordance with the By-Laws, the Corporation Code and the Securities Regulation Code.

The Board shall have at least three (3) Independent Directors qualified as such in accordance with the relevant provisions of the Securities Regulation Code and other regulations of the Securities and Exchange Commission.

III. Policies Relating to the Board

a. Board Diversity Policy

The Company shall promote and observe a policy on diversity in the composition of its Board of Directors.

Diversity in age, gender, ethnicity, experience, field expertise, and personal qualities shall be considered by the Board as it installs a process of selection to ensure a mix of competent directors and key officers.

b. Policy on Multiple Board Seats

A director shall exercise due discretion in accepting and holding directorships outside of the Company. A director may hold directorships outside of the Corporation provided that these positions do not retract from the director's capacity to diligently perform his duties as a director of the Corporation.

However, as a matter of policy, the Non-Executive members of the Board of Directors should concurrently serve as directors only to a maximum of five (5) publicly-listed companies to ensure that they have sufficient time to fully prepare for

meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company.

c. Term Limits for Independent Directors

The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years, after which, the Independent Director shall be perpetually barred from re-election as such in the Company. He may, however, continue to qualify for nomination and election as a non-independent director.

In instances where the Company will want to retain an Independent Director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual meeting of the Company's shareholders.

d. Access to Information

To enable the Board to properly fulfill their duties and responsibilities, management should provide directors with complete and timely information about the matters in the agenda of the meetings. Directors should be given independent access to management and the Corporate Secretary, as well as to independent professional advice.

IV. The Chairman of the Board of Directors

The Board should be headed by a competent and qualified Chairman.

The roles and responsibilities of the Chairman include, among others, the following:

- a. Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.
- b. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.
- c. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors.
- d. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management.
- e. Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors.

- f. Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

To the extent that the operations of the Company shall allow, the roles of the Chairman and the Chief Executive Officer shall be separate to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and the Chief Executive Officer upon their election.

V. Meetings

- a. The directors should attend and actively participate in all meetings of the Board in person or through tele-/video-conferencing conducted in accordance with the rules and regulations of the Securities and Exchange Commission; except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.
- 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 requirements if he is duly notified of the meeting but notwithstanding such notice fails to attend.
- c. The Board of Directors shall meet at least six (6) times a year. Board meetings shall be scheduled in advance before the start of the year.
- d. Items to be discussed during the board meeting shall be made available to each director at least five (5) days in advance. In emergency circumstances, however, the meeting may be called on a shorter notice.
- e. Non-executive Directors, headed by the Lead Independent Director, shall meet periodically with the External Auditor and the Head of Internal Audit, without the presence of Executive Directors and key officers.
- f. The presence of 2/3 of the directors is required when determining the quorum of the meeting.

VI. Authority and Responsibilities of the Board of Directors

To ensure a high standard of best practice for the Company, and to promote and protect the interest of the Company, its stockholders and its stakeholders, the Board shall conduct itself with honesty and integrity in the performance, among others, the following dues and responsibilities:

- a. Install a process of selection to ensure a mix of competent directors and officers, regardless of age, gender, race and religion.

- b. Set and regularly review the strategic objectives and the Company's vision and mission, determine investment policy, agree on performance criteria and delegate to management the detailed planning of implementation of that policy, in accordance with appropriate risk parameters.
- c. Determine and oversee the implementation of the strategies and plans, review the operation and financial performance of the Company and to consider matters specifically reserved for its approval.
- d. Ensure and adopt an effective succession planning program for directors, key officers and Management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company.
- e. Ensure that the Company complies with all relevant laws, regulations and codes of best business practices, and achievement against objectives, by holding Management accountable for its activity through the measurement and control of operations by regular reports to the Board, including monthly performance reporting and budget updates.
- f. Identify the Company's major and other stakeholders and formulate a clear policy on communicating or relation with them through an effective investor relations program.

The Company shall conduct regular media and analysts' briefings to ensure the timely and accurate dissemination of public, material, and relevant information to its shareholders and other investors.

- g. Identify the Company's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them.
- h. Adopt a system of internal checks and balances.
- i. Identify and monitor with due diligence key risk areas and key performance indicators, and manage the same especially those categorized as having high impact with high probability of occurrence.
- j. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted.
- k. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.

- l. Formulate and implement policies to ensure the integrity of related party transactions between and among the company and its related companies, business associates, major stockholders, officers, directors and their spouses, children, dependent siblings and parents, and of interlocking director relationships.
- m. Establish and maintain an alternative dispute resolution system to settle conflicts between the Corporation and its stockholders or other third parties, including regulatory authorities.
- n. Align the remuneration of key officers and board members with the long-term interests of the Company. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance.

The following, among others, can be taken into consideration in determining proper compensation for key officers and board members:

- (1) that the level of remuneration is commensurate to the responsibilities of the role;
 - (2) that the remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.
- o. 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 Chief Executive Officer are held by one person.

The functions of the lead director include, among others, the following:

- i. Serves as an intermediary between the Chairman and the other directors when necessary;
- ii. Convenes and chairs meetings of the non-executive directors; and
- iii. Contributes to the performance evaluation of the Chairman, as required.

VII. Duties and Responsibilities of Directors

To ensure a high standard of best practice for the Company, its stockholders and other stakeholders, the members of the Board of Directors shall conduct themselves with honesty and integrity in the performance of, among others, the following specific duties and responsibilities:

- a. Conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions. He 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, should an actual or potential conflict of interest arise, he should fully and immediately disclose the same and should not participate in the decision-making process.

A conflict of interest arises when the director's personal or business interest is antagonistic to that of the Company, or that he stands to acquire or gain financial advantage at the expense of the Company.

All dealings involving the Company's shares shall be disclosed/reported to the Company within three (3) business days from the date of the transaction.

Attached as Annex "A-1" is the Company's Conflict of Interest Policy.

- b. Devote time and attention necessary to properly discharge his duties and responsibilities. He should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of, and knowledgeable with, the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials, and, if called for, ask questions or seek explanation.
- c. He should act judiciously. He shall evaluate the issues, ask questions and seek clarifications necessary before deciding on any matter brought before the Board.
- d. He should exercise independent judgment. He shall review each problem or situation objectively. Should a disagreement with other directors arise, he should carefully evaluate and explain his position. He should not be afraid to take unpopular positions if he thinks such ideas are beneficial to the Company.
- e. He should have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Securities and Exchange Commission, and where applicable, the requirements of other regulatory agencies. He shall also keep himself informed of the industry developments and business trends in order to safeguard the Company's competitiveness.
- f. He should observe and keep confidentiality. He should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He shall not disclose any information to any other person without the authority of the Board or the Executive Committee.

Attached as Annex "A-2" is the Company's Insider Trading Policy.

- g. He should ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.
- h. Attend before assumption of office and annually thereafter a seminar on corporate governance conducted by a duly recognized private or government institute.

Preferably, the orientation program for first-time directors shall be for at least eight (8) hours, while the annual continuing training shall be for at least four (4) hours.

VII. Outside Advisors

The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions. The Committee shall have sole authority to approve related fees and retention items. The Company will provide appropriate funding, as determined by the Committee, for Compensation to any such outside advisors engaged by the Committee.

VIII. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX "A-1"

POLICY ON CONFLICT OF INTEREST

The Company shall ensure that all its transactions are fair and transparent, and do not benefit a particular group or individual at the expense of public investors or minority shareholders.

General Policy - Directors, officers and employees of the Company shall promote primarily the Company's interest. No director, officer or employee shall use his position to profit or gain some benefit or advantage for himself and/or his related interests.

1. The Company's Manual on Corporate Governance provides that a director shall have the duty to conduct fair business transactions with the Corporation and to ensure that personal interest does not (bias Board decisions) conflict with the interests of the Corporation. It is provided further that the basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

2. The duty to avoid and disclose actual and potential conflict of interest as outlined above is also expected from other officers and employees.

3. The Audit Committee shall also determine and resolve any possible conflict of interest between the Company and/or its group and their directors, officers and major shareholders. The Audit Committee, together with the Company's engaged External Auditor, may review identified the related party transactions. The Company may further engage third-party institutions to evaluate the fairness of major related party transactions.

ANNEX "A-2"

POLICY ON INSIDER TRADING

The Company adheres to the state policy that insider trading must be eliminated in order not to create distortions in the free market.

Definitions -

a) For the purpose of this Policy, an "Insider" covers the following:

1. Members of the Board of Directors and the Corporate Secretary of the Company;
2. Officers as defined in the by-laws of the Company who are or may be in possession of material non-public information about the Company because of their responsibilities;
3. Consultants and Advisers of the Company;
4. Any person, including an employee, who possesses material non-public information regarding the Company is an Insider for so long as the information is "material nonpublic"; and
5. Members of the immediate families of Directors, Officers and all other Covered Persons who are living in the same household as the abovementioned Covered Persons.

b) An information is "material non-public" if it has not been generally disclosed to the public and, if disclosed, would likely affect the price of the securities and one person's decision to buy, sell or hold a security.

General Policy – Insiders shall not take advantage of material non-public information obtained by them by virtue of their position in the Company, and shall promote primarily the Company's interest over personal gain. No director, officer or employee shall use his position to profit or gain some benefit or advantage for himself and/or his related interests.

1. All covered persons of this policy, who have knowledge of material non-public information regarding the Company, are subject to the following restrictions:

- a) Insiders shall not buy or sell securities of the Company on their own account or for a third party using insider information, or have others trade for their (insiders) accounts. Insiders shall not buy or sell securities of the Company during the period within which material-nonpublic information is obtained and up to five (5) full trading days after the said information is disclosed ("Blackout Period").

- b) Insiders shall not pass the insider information to others, which in turn might trade ("tipping") or forward the insider information to third parties that buy and sell securities on the basis of that insider information.
- c) Insiders shall not engage in any other action to take advantage of insider information.

2. Internal rules and procedures regarding director or employee trading of the Company's securities that are clear, practical, and effective, in safeguarding against insider trading shall be developed by the Company.

3. Violation of this policy could result in serious sanctions, including dismissal from employment of the insider.

ANNEX “B”

CHARTER OF THE AUDIT COMMITTEE

I. Purpose

The purpose of the **Audit Committee** (the ‘Committee’) of the **Board of Directors** (the “Board”) of **Crown Asia Compounders Corporation** (the “Company”) is to represent and assist the Board in its general oversight of the Company’s accounting and financial reporting processes, audits of the financial statements, and internal control and audit functions. Management is responsible for preparing the Company’s financial statements, and the independent auditors are responsible for auditing those financial statements.

The Audit Committee members are not necessarily professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of Management and the independent auditor under applicable rules. The Audit Committee serves a Board level oversight role where it oversees the relationship with the independent auditor, as set forth in this Charter, and provides advice, counsel and general direction, as it deems appropriate, to Management and the auditors on the basis of the information it receives, discussions with the auditor, and the experience of the Committee’s members in business, financial and accounting matters.

II. Membership

The Committee shall be appointed by the Board and shall comprise of at least three directors who meet the experience and independence standards of the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange (“PSE”) and other applicable laws and regulations.

The Audit Committee shall be composed of at least three (3) appropriately qualified Non-Executive members of the Board, majority of whom shall be Independent Directors.

The Chairman of the Audit Committee should be an Independent Director, and should not serve as Chairman of the Board or of any of the other board committees.

All of the members of the Audit Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.

In case of any vacancy in the Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board subject to the provision of this Charter.

Committee members may receive no compensation from the Company other than reasonable *per diem*.

III. Meeting

The Audit Committee will meet as often as may be deemed necessary or appropriate in its judgment, at least quarterly each year, and at such times and places as the Committee shall determine. The majority of the members of the Audit Committee shall constitute a quorum. The Audit Committee will meet separately, at least quarterly, with the independent auditors and management to discuss any matters that they wish to bring to the Audit Committee's attention.

The Audit Committee shall report to the Board with respect to its meetings, including any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, and/or the performance and independence of the Company's independent auditors.

IV. Committee Authority and Responsibilities

The primary responsibility of the Audit Committee is to oversee the Company's financial controls and reporting processes on behalf of the Board and report the results of its activities to the Board. The Audit Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Audit Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal recurring processes of the Audit Committee in carrying out its oversight responsibilities. The Audit Committee may perform such other duties and responsibilities as are consistent with its purpose and as the Board or the Committee deems appropriate.

Appointment and Oversight of Internal Auditors

With respect to Internal Audit, the Audit Committee shall:

- a. Recommend the approval of the Company's Internal Audit Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the Internal Audit Charter.
- b. To help the senior management in setting-up and monitor the effectiveness of the Company's internal control system, the Committee shall organize an Internal

Audit Department (in-house or outsourced) and consider the appointment of an independent Internal Auditor and the terms and conditions of its engagement and removal.

- c. Through the Company's Internal Audit Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the Company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Company's financial data, and (d) ensure compliance with applicable laws and regulations.
- d. Oversee the Internal Audit Department.
- e. Establish and identify the reporting line of the Internal Audit Head to enable him to properly fulfill his duties and responsibilities. The Internal Audit Head shall functionally report to the Audit Committee. The Audit Committee shall ensure that in the performance of the work of the Internal Audit Head, he shall be free from interference by outside parties.
- f. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations.

*Appointment, Compensation, Retention, Rotation,
and Oversight of Independent External Auditors*

a. Independent External Auditors

The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Company. The Company shall provide the appropriate funding, as determined by the Committee, for payment of compensation to the public accounting firm so engaged.

The Independent External Auditor shall be selected and appointed by the stockholders upon the recommendation of the Audit Committee from the pool of duly accredited independent auditor by the regulatory authorities, e.g. Securities and Exchange Commission (SEC). The Independent External Auditor, or the lead partner thereof primarily responsible for the audit of the Company or the review thereof, shall be rotated or changed at least once every five (5) years or as determined by the regulatory authorities.

The Committee shall also be responsible for: (a) ensuring its receipt from the independent auditors of a formal written statement delineating all relationships between the auditor and the Company, consistent with Philippine Standards on Auditing and Philippine Financial Reporting Standards, (b) actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor, and (c) taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditor. In connection with these responsibilities, the Committee shall discuss the auditor's independence from management and the Company, including whether the auditors' performance of permissible non-audit services is compatible with their independence. This process will include, at least annually, the Committee's review of the independent auditors' internal control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent directors and the Company. The Company shall review the use of auditors other than the independent auditor in cases such as management's request for second opinions.

**b. Approval of Audit Engagement and the
Related Audit Scope and Audit Plans**

The Committee shall pre-approve all audit plans, scope and frequency before the conduct of the external and internal audit.

c. Audit Services

The Audit Committee shall discuss with the Independent External and Internal Auditors the overall scope and plans for their respective audits including their respective responsibilities and the adequacy of staffing and compensation. The Audit Committee shall approve in advance all audit engagement fees and the terms of all audit services to be provided by the independent auditors.

d. Non-Audit Services

The Committee shall establish policies and procedures for the engagement of the independent external auditors to provide permissible non-audit services, which shall include pre-approval of permissible non-audit services to be provided by the Independent External Auditor.

The Committee shall likewise evaluate and determine the non-audit work, if any, of the Independent External Auditor, and periodically review the non-audit fees paid to the Independent External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The Audit Committee should disallow any non-audit work that will conflict with his duties as an Independent External Auditor or

may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report.

The Committee may, from time to time, delegate its authority to pre-approve non-audit services to one or more Committee members, provided that such delegate(s) present any such approvals to the full Committee at its next scheduled meeting.

Review of Financial Reports

The Committee shall check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements. It shall review the reports submitted by the internal and external auditors. It shall review interim and annual financial statements before the submission to the Board with particular focus on the following matters: any change/s in accounting policies and practices; major judgmental areas; significant adjustments resulting from the audit; going concern assumptions; compliance with accounting standards, and compliance with tax, legal and regulatory requirements.

a. Review of Interim Financial Statements/Earnings Releases

The Committee shall review the interim financial statements, and the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with Management prior to the filing of the Company's Quarterly Report on SEC Form 17-Q. The Committee will discuss the Company's policies and procedures with respect to earnings releases, financial information, and earnings guidance provided to analysts and rating agencies. The Committee will discuss the results of the quarterly review and any other matters required to be communicated to the Committee. The Chairman of the Committee may represent the entire Committee for the purposes of this review.

b. Review of Annual Audited Financial Statements

The Audit Committee shall review with Management and the Independent External Auditor the financial statements to be included in the Company's Annual Report on SEC Form 17-A (or the annual report to shareholders), including: (i) their judgment about quality, not just acceptability, of the Company's accounting principles, including significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (ii) the clarity of the disclosures in the financial statements; and (iii) the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, including critical accounting policies.

The Audit Committee will also review with Management and the Independent External Auditor: (i) major issues regarding accounting principles and financial statement presentations, including significant changes in the selection or application

of accounting principles; (ii) major issues regarding the adequacy of internal controls and steps taken in light of material deficiencies; and (iii) the effects of alternative accounting methods and regulatory and accounting initiatives on the financial statements.

The Audit Committee will discuss the results of the annual audit and any difficulties the Independent External Auditor encountered in the course of its audit work, including any restrictions on the scope of the auditors' activities or on access to requested information, and any significant disagreements with Management. The Committee will also discuss any other matters required to be communicated to the Committee by the Independent External Auditor under generally accepted auditing standards, and the annual report on internal controls by the Chief Executive Officer and Chief Financial Officer, as received by the Independent External Auditor.

Based on these reviews, the Audit Committee will make a recommendation to the Board as to whether the audited financial statements should be included in the Company's Annual Report on SEC Form 17-A.

Related-Party Transactions

While the Company's current size, risk profile, and complexity of operations still do not necessitate the creation of a Related Party Transactions Committee by the Board, the Audit Committee will be tasked to review and have prior-approving authority for related-party transactions, as defined in the applicable Philippine Stock Exchange listing standards (RPTs). Accordingly, the Audit Committee shall exercise the following functions with respect to the Company's RPTs:

- a. 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 (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors.
- b. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the Company are misappropriated or misapplied; and to determine any potential reputational risk issues that may arise as a result of, or in connection with, the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
 - i. The related party's relationship to the Company and interest in the transaction;
 - ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;

- iii. The benefits to the Company of the proposed RPT;
 - iv. The availability of other sources of comparable products or services; and,
 - v. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- c. 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. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties.
 - d. Reports to the Board of Directors 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.
 - e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.
 - f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

Attached as Annex "B-1" is the Company's Policy on Related Party Transactions.

Other Duties and Responsibilities

a. Complaint Procedures

The Audit Committee will establish procedures for receipt, retention and treatment of complaints regarding accounting, internal accounting controls, and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

The Committee shall respond to any request from Management for evaluation of compliance with the Code of Conduct, Manual on Corporate Governance and Standard Operating Policies and Procedures. The task of ensuring that the Employee Code of Conduct has been understood and religiously complied with is collectively entrusted to both the Human Resource Division and the Department or Division where the employee is affiliated. The Compliance Officer shall be responsible for determining violations on the Manual on Corporate Governance through notice and hearing and shall recommend to the Chairman of the Board the penalty for such violation, for further review and approval of the Board.

Attached as Annex "B-2" is the Company's Whistle-Blowing Policy.

b. Risk Assessment and Promotion of Risk Awareness

The Committee will review and discuss with Management the Company's major financial risk exposures and the steps Management has taken to monitor and control such exposures.

The Audit Committee with the Board Risk Oversight Committee will provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities.

All directors, officers and employees shall be made aware of risks involved if actions taken are not in conformity with the existing government laws, rules and regulations; Company's Employee Code of Conduct, Company's Manual on Corporate Governance and Company's Standard Operational Policies and Procedures.

Adequate number of printed copies of the Company's Employee Code of Conduct, Manual on Corporate Governance and Standard Operational Policies and Procedures must be reproduced and distributed for reading and reference or must be readily available for easy access by all directors, officers and employees to enjoin continuing compliance.

c. Hiring of Auditor Personnel

The Committee shall set clear hiring policies with regard to employees and former employees of the independent auditors.

d. Periodic Review of Audit Committee Charter

The Committee shall periodically (but no less than annually) review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

e. Annual Performance Evaluation

The Committee shall annually review its own performance.

f. Investigative Authority

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company.

The Committee shall perform direct interface functions with the internal and external auditors. It should ensure that the internal and external auditors act independently

from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

g. Training and Education

As part of their continuing education, each member shall attend seminar on corporate governance conducted by a duly recognized private or government institute and accredited by the Securities and Exchange Commission. Each member is also encouraged to attend seminars and trainings relevant to their performance as members of the Audit Committee, e.g. financial reporting and audit, internal control, risk management and others.

V. Outside Advisors

The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions. The Committee shall have sole authority to approve related fees and retention items. The Company will provide appropriate funding, as determined by the Committee, for Compensation to any such outside advisors engaged by the Committee.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX "B-1"

POLICY ON RELATED PARTY TRANSACTIONS

The Company shall ensure that all its transactions are fair and transparent, and do not benefit a particular group or individual at the expense of public investors or minority shareholders.

General Policy – Directors, officers and employees of the Company shall promote primarily the Company's interest. No director, officer or employee shall use his position to profit or gain some benefit or advantage for himself and/or his related interests.

Definition – "Related party" shall mean any of the Company's Directors, Officers, Stockholders and their related interests, or any of their immediate family members with beneficial ownership or significant influence/control in the party that the company has or will have dealings with.

1. The Company's Manual on Corporate Governance provides that a director shall have the duty to conduct fair business transactions with the Corporation and to ensure that personal interest does not (bias Board decisions) conflict with the interests of the Corporation. It is provided further that the basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

2. The duty to avoid and disclose actual and potential conflict of interest as outlined above is also expected from other officers and employees.

3. The Company shall adhere to the requirements of the Corporation Code in approving contracts with one or more of its directors or officers or with another

corporation in which one or more of the Company's directors is/are interlocking directors therein.

4. Transactions with related parties shall be at arm's-length prices or at terms similar to those offered to non-related entities in an economically comparable market. The Company shall consider the substance of the relationship, and not merely the legal form, in evaluating possible related party transactions.

5. The Audit Committee shall review and, if appropriate, recommend the approval of related party transactions to the Board of Directors. It shall also ensure proper disclosure in the Company's Financial Statements and other required reports in coordination with the Corporate Information Officer.

ANNEX "B-2"

WHISTLE-BLOWING POLICY

It is of great importance that the directors, officers and employees of the Company observe high standards of work and personal ethics in the conduct of their duties and responsibilities. As representatives and employees of the Company, they must practice honesty and integrity in fulfilling their responsibilities, and must exemplify the behavior and professional demeanor consistent with all applicable laws and regulations, as well as the Company's applicable policies and procedures.

This Policy intends to encourage and empower directors, officers, employees or any person to raise concerns on matters pertaining to potential violations of laws, Company policies and procedures, and give the Company opportunity to address the same prior to seeking external remedies. This Policy shall apply to all directors, officers and employees of the Company as well as any person who makes a protected disclosure as defined in this Policy.

General Policy – No director, officer, employee or any person, who in good faith, duly reports a matter covered by this policy shall suffer harassment, retaliation or any adverse consequence in his employment or practice of profession. A director, officer, employee or any person who retaliates against someone who has reported a violation in good faith is subject to disciplinary action up to and including termination of employment.

Definitions – For purposes of the Whistleblowing Policy, the following definitions shall control and apply:

- a) "Protected disclosure" shall refer to written deliberate and voluntary disclosure by a director, officer, employee, or any person with relevant information of an actual or potential violation of laws, Company policies and procedures by any director, officer or employee or by any person which affects the Company.
- b) "Whistleblower" refers to any person who makes a protected disclosure to his immediate supervisor, other superior officers, or the Internal Audit Department. If the protected disclosure is made to any other company personnel, it shall be referred to the Internal Audit Department.
- c) "Retaliatory Action" pertains to negative or obstructive response or reactions to a disclosure taken against the Whistleblower, his family/relatives within the fourth civil degree, and/or those officers and employees supporting him such as, but not limited to, civil, administrative or criminal proceedings commenced or pursued against covered persons in this provision by reason of the disclosure made under this Policy, reprisals against covered persons by forcing or attempting to force any of them to

resign, retire and/or transfer, undue negative performance appraisals or disciplinary actions, and such other similar acts.

1. A Whistleblower may make a protected disclosure to his immediate supervisor, other superior officers, or the Internal Audit Department any complaint or report on acts or omissions that are actually or potentially contrary to laws, Company rules, regulations or policies; unreasonable, unjust, unfair, oppressive or discriminatory; or constitutive of an undue or improper exercise of powers and prerogatives. The complaint or report shall indicate his name, department and contact number, and information on the disclosures shall contain sufficient particulars and details of the actual, suspected or anticipated wrongdoing and, as much as possible, be supported by other material evidence, attaching supporting documents if there are any, such that verification can be made regarding the circumstances. The report shall be in the form of a signed and dated handwritten or typewritten letter hand-carried or email sent directly to the Internal Audit Manager.

2. A whistleblower shall have the following rights:

a) Protection Against Retaliatory Actions

b) Defense of Privileged Communication

c) No Breach of Duty of Confidentiality – A whistleblower who has an obligation by way of oath, rule or practice to maintain confidentiality of information shall not be deemed to have committed a breach of such duty if he makes a protected disclosure of such information.

3. Any officer to whom a disclosure is made shall have the following obligations:

a) Maintain the confidentiality of the subject matter of the disclosure and of the identity of the whistleblower;

b) Ensure and undertake measures to protect the well-being of the whistleblower; and

c) Report the disclosure in full detail to the Internal Audit Department, within a period of five (5) days from date of disclosure.

4. Upon receipt of the disclosure, the Internal Audit Department shall:

a) Evaluate the disclosure on whether or not it qualifies as protected disclosure under this Policy; and

b) If the Internal Audit Department finds that the same is qualified, to proceed to investigate the disclosure in accordance with its internal rules and with the guidance of the Company's Audit Committee.

5. The Company will publicize the contact details in order to facilitate the receipt of protected disclosures. Any report covered by this shall be made to:

The Internal Audit Department

CROWN ASIA CHEMICALS CORPORATION

Attention : The Internal Audit Manager

Address : Unit 506, President Tower, 81 Timog Avenue, Quezon City

Email to : asantonio@crownpvc.com.ph

ANNEX "C"

CORPORATE GOVERNANCE COMMITTEE CHARTER

The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.

The Corporate Governance Committee shall likewise advise the Board with respect to matters relating to the composition of the Board. The Board identifies individuals qualified to become Board members and, consistent with criteria reviewed by the Corporate Governance Committee and approved by the Board, recommends to the Board nominees for director for approval at the next annual meeting of stockholders, including any incumbent directors.

The Corporate Governance Committee shall also assist the Board and the Company's Management in defining the Company's executive compensation policy and in carrying out various responsibilities relating to compensation of the Company's executive officers and directors, including: evaluating and approving compensation to the Chief Executive Officer and evaluating and recommending to the Board compensation to all other executive officers; reviewing and recommending to the Board compensation to non-employee directors; and overseeing the development and administration of the Company's equity compensation and benefit plans.

I. Purposes

The purposes of the Corporate Governance Committee shall be three-fold:

a. Corporate Governance

To assist the Board of Directors in the performance of its corporate governance responsibilities.

b. Nomination of Directors/Officers

To identify individuals qualified to become members of the Board of Directors (the "Board") and, consistent with criteria approved by the Board, recommend that the Board select the Director nominees for the next annual meeting of stockholders.

It shall prescreen and short list all candidates nominated to become a member of the Board of Directors in accordance with the qualifications criteria and grounds for disqualification provided in **Annex "C-1"** hereof.

In consultation with the executive or management committees, review at regular intervals and if so necessary redefine the role, duties and responsibilities of the Chief

Executive Officer and other executive officers of the Company with the aim of maintaining at all times acceptable standards of good governance.

c. Compensation of Directors/Officers/Employees

Review and if necessary establish a formal and transparent policy on executive remuneration and recommend to the shareholders the remuneration of directors.

The determination of the remuneration of senior management and other key personnel is the responsibility of the chief executive officer and/or the Executive Committee. The compensation and remuneration committee should however ensure that compensation levels are consistent with the Corporation's financial capability as well as reasonable industry standards.

Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all officers and directors , which should require all officers and directors to declare under the penalty of perjury all their existing business interests or share holdings that may directly or indirectly conflict with their performance of duties to the Corporation. Such Disclosures should be updated at least every year. It should be clear that it is mandatory for officers and directors even within the yearly reporting period to declare prior to actually investing in or acquiring an interest, being employed or retained in any manner by a competitor or potential competitor.

II. Membership

The Corporate Governance Committee shall be composed of at least three (3) members of the Board.

At least three (3) members of the Corporate Governance Committee, including the Chairman thereof, shall be Independent Directors.

The Chair and members of the Committee shall be appointed annually by the Board. Vacancies shall be filled by election by the Board, and any member of the Committee may be removed by the Board.

The Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

III. Meetings

1. The Corporate Governance Committee shall meet in accordance with the annual meeting schedule or at the call of the Chair or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

2. Procedures fixed by the Corporate Governance Committee shall be subject to

any applicable provision of the Company's By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting and shall be accompanied by any recommendations to the Board approved by the Committee.

IV. Key Responsibilities

Corporate Governance

- a. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments.
- b. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts 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. Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance.
- e. Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.
- f. Propose and plan relevant trainings for the members of the Board.

Nomination of Directors/Officers

- a. Develop and recommend for approval by the Board a set of criteria for Board membership. Identify, evaluate and attract qualified individuals to become Directors who satisfy such criteria. Make recommendations to the Board regarding candidates for membership on the Board, including the slate of nominees to be proposed by the Board for election by the stockholders at the annual meeting of stockholders and any director nominees to be elected by the Board to fill interim director vacancies. Establish and follow procedures for the recommendation of candidates by the Company's stockholders and the consideration by the Governance Committee of Director candidates so recommended.

The nomination of directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting in accordance with the following:

- i. All stockholders of record of the Corporation shall be entitled to nominate persons who shall be considered by the Corporate Governance Committee.
- ii. All nominations should be submitted to the Corporate Governance Committee on or before January 30 of each year to allow the Corporate Governance Committee sufficient time to assess and evaluate the qualifications of the nominees.
- iii. All recommendations for the nomination of Independent Directors shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees.
- iv. After the nomination, the Corporate Governance Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the Securities and Exchange Commission (SEC) and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports as the Corporation will be required to submit to the SEC.

The name of the person or group of persons who recommended the nomination of the independent director(s) shall be identified in such report, including any relationship with the nominee.

- v. Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained after the List of Candidates shall have been prepared and finalized. No further nominations for election as director shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
- b. Assess the contributions and independence of incumbent Directors in determining whether to recommend them for re-election to the Board at the annual meeting of stockholders.
 - c. Make recommendations to the Board on such matters as the retirement age, tenure and removal of Directors.
 - d. Manage the Board performance review process and review the results with the Board on an annual basis.
 - e. Recommend to the Board candidates for appointment to Board committees and consider periodically rotating Directors among the committees.

- f. Review directorships in other public or private companies (excluding charitable or non-profit organizations) held by or offered to Directors and executive officers of the Company.

As a matter of policy, the Non-Executive members of the Board of Directors should concurrently serve as directors only to a maximum of five (5) publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company.

Towards this end, a director should notify the Board before accepting a directorship in another publicly-listed company.

- g. Review and assess the channels through which the Board receives information and the quality and timeliness of information received.
- h. Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

In assessing the need to impose further limitations on outside directorships for individual members of the Board, the Corporate Governance Committee may consider the following guidelines:

- The nature of the business of the corporations which he is a director;
- Age, and physical capacity of the director,

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

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

Compensation of Directors/Officers/Employees

- a. Assist Management and the Board in defining an executive compensation policy that (a) attracts, retains and appropriately rewards key executives of the Company, (b) links compensation with achievement of the Company's business objectives and (c) aligns the interests of key executives with the long-term interests of the Company's stockholders.
- b. Annually (or bi-annually in the case of bonus amounts) review and approve corporate goals and objectives relevant to the base salary, bonus amount and

other compensation of the Chief Executive Officer/President and the Company's other officers.

- c. Evaluate the performance of each of the Chief Executive Officer/President and the Company's other officers in light of those goals and objectives, and determine and approve the compensation level, including base salary, bonus amount and other compensation, if any, of each such officer based on this evaluation and other relevant factors. Evaluation of the Chief Executive Officer/President's performance shall be made in consultation with the Governance Committee.
- d. Make recommendations to the Board with respect to incentive compensation plans and equity-based plans, including overseeing the development of new compensation plans and the revision of old plans.
- e. Administer the Company's incentive compensation and equity-based plans, and approve restricted stock awards, stock option grants and other equity-based or incentive awards under these plans, including any performance criteria relating to these plans or any awards.
- f. Review the Company's employee benefit plans and either recommend plan changes to the Board or amend such plans, subject where required by shareholder approval.
- g. Recommend to the Board retainer, other compensation, and attendance fees, including Board committee attendance fees, for non-employee Directors.
- h. Annually review and discuss with the Company's management the Compensation Disclosure to be included in the Company's annual report and SEC Form 17-A and SEC Form 20-IS.
- i. 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.
- j. Evaluate annually the performance of the Committee and the adequacy of this Charter.
- k. Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

V. Outside Advisors

The Corporate Governance Committee shall have the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions, including the sole authority to retain and

terminate search firms used to identify Director candidates, and to approve any such search firm's fees and other retention terms.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Corporate Governance Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

QUALIFICATIONS AND DISQUALIFICATIONS OF DIRECTORS

I. Qualifications for Directorship

In addition to the qualifications for directorship in the Company provided for in the Corporation Code, Securities Regulation Code and other relevant laws, rules and regulations and such other qualifications approved by the Board and incorporated in amendments to the By-laws, the Board may provide for additional qualifications which include, among others, the following:

- a. Holder of at least one (1) share of stock of the Company registered directly under his name.
- b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education.
- c. He shall be at least twenty one (21) years old.
- d. He shall have proven to possess integrity and probity.
- e. He should have sufficient interest in the business of the Company to be willing as well as able to make a positive contribution to its undertakings.
- f. He must have a practical understanding of the business of the Company or previous business experience.
- g. He must have attended a seminar on corporate governance conducted by a duly recognized private or government entity or must have issued an undertaking to attend such a seminar as soon as practicable.

II. Disqualifications from Directorship

The following shall be grounds for the permanent disqualification of a director:

- (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasibank, trust company, investment house or as an affiliated person of any of them;

- (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iv) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
- (v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- (vi) Any person judicially declared to be insolvent;
- (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;

- (vii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;
- (viii) Pursuant to Article VIII of the Corporation's Amended By-Laws, no person, nor any of his/her relatives within the fourth (4th) civil degree of consanguinity, who has such interest, in any capacity, in any business similar to or in direct or indirect competition with the business of the Corporation or of any of its clients or suppliers, may sit as member of the Board of Directors of the Corporation.

III. Qualification of Independent Director

"Independent Director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business, or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director of the Company.

Independent Directors need to possess a good general understanding of the industry they are in. Further, independence and competence should go hand-in-hand. It is therefore important that the Company's Non-Executive Directors, including Independent Directors, possess the qualifications and stature that would enable them to effectively and objectively participate in the deliberations of the Board.

An Independent Director refers to a person who, ideally:

- a. Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company.
- b. Is not, and has not been in the three (3) years immediately preceding his election, a director of the Company; a director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies.
- c. Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election.
- d. Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies.
- e. Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this

purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister.

- f. Is not acting as a nominee or representative of any director of the Company or any of its related companies.
- g. Is not a securities broker-dealer of listed companies and registered issuers of securities.

"Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Philippine Stock Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer.

- h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, 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 years immediately preceding the date of his election.
- i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment.
- j. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders.
- k. Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

When used in relation to the Company, "related company" means another company which is: (1) its holding company; (b) its subsidiary; or (c) a subsidiary of its holding company; and "substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten (10) percent of any class of its equity security.

IV. Temporary Disqualification

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

- (i) 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;

- (ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- (iii) Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- (iv) Being under preventive suspension by the Corporation;
- (v) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- (vi) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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.

ANNEX "D"

BOARD RISK OVERSIGHT COMMITTEE CHARTER

I. Purpose

The Board Risk Oversight Committee is established for the purpose of assisting the Board in overseeing the Company's practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The Board Risk Oversight Committee will assist the board in providing framework to identify, assess, monitor and manage the risks associated with the Company's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile.

II. Membership

The Board Risk Oversight Committee shall be appointed by the Board and shall comprise of at least three (3) directors who meet financial-literacy and independence standards of the Securities and Exchange Commission. Majority of the members of the Committee shall be Independent Directors.

Vacancies may be filled at any time during the year by action of the full Board.

The term of the service for Board Risk Oversight Committee members shall be one year or until their successors shall be duly elected and qualified.

Unless a Chairperson is elected by the full Board, the members of the Committee may designate a Chairperson by majority vote of the full Committee membership. The Chairperson of the Board Risk Oversight Committee, however, shall be an Independent Director; provided, that he shall not be the Chairman of the Board of Directors or of any other committee of the Board.

III. Meetings

The Board Risk Oversight Committee shall meet at least quarterly each year or more frequently as circumstances dictate. The Committee will also periodically meet with Management, the Internal Auditor and Risk Management Officer to discuss any matters that they wish to bring to the Committee's attention.

A quorum at any Committee meeting shall be at least a majority of the Committee members.

All determinations of the Committee shall be at least by a majority of its members present at a meeting duly called for and held.

Minutes of all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all committee members to ensure an accurate final record and shall be approved at a subsequent meeting of the Committee and distributed periodically to the full Board.

IV. Key Responsibilities

The Committee shall have the authority of the Board to:

- a. Develop a formal enterprise risk management plan which contains the following elements:
 - (i) common language or register of risks;
 - (ii) well-defined risk management goals, objectives and oversight;
 - (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks;
 - (iv) designing and implementing risk management strategies; and,
 - (v) continuing assessments to improve risk strategies, processes and measures.
- b. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Board Risk Oversight Committee shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports, and assess how the concerned units or offices are addressing and managing these risks.
- c. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. The Board Risk Oversight Committee shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss.
- d. Advise the Board on its risk appetite levels and risk tolerance limits.
- e. Review, at least annually, the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company.
- f. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders.

- g. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management.
- h. Report to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.
- i. Perform other activities consistent with this charter, the Company's By-Laws and governing law as the Committee or the Board deems necessary or appropriate

V. Outside Advisors

The Board Risk Oversight Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions. The Committee shall have sole authority to approve related fees and retention items. The Company will provide appropriate funding, as determined by the Committee, for compensation to any such outside advisors engaged by the Committee.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX "E"

EXECUTIVE COMMITTEE CHARTER

Between meetings of the Board, the Executive Committee may exercise all of the powers of the Board (except those powers expressly reserved by applicable law to the Board) in the management and direction of the business and conduct of the affairs of the Company, subject to any specific directions given by the Board.

I. Purpose

The purpose of the Executive Committee is to act on behalf of the Board of Directors between Board meetings.

II. Membership

The Committee shall be composed of three or more Directors, as determined by the Board. The Chairman of the Board shall be the Chair of the Committee. The other members of the Committee shall be appointed annually by the Board on the recommendation of the Corporate Governance Committee. Vacancies shall be filled by approval of the Board on the recommendation of the Corporate Governance Committee, and any member of the Executive Committee may be removed by the Board.

III. Meetings

1. The Executive Committee shall meet at the call of the Chairperson or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The passage of any resolution of the Committee shall require the affirmative vote of a majority of Committee members present and voting on such resolution who are not employees of the Company.

2. Procedures fixed by the Executive Committee shall be subject to any applicable provision of the Company's By-laws.

Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting.

Actions taken by the Committee shall be promptly communicated to the Directors who are not members of the Committee.

IV. Key Responsibilities

The Executive Committee shall have all the authority of the Board, except that it shall not have authority to:

1. Approve any action for which shareholders approval is also required.
2. Fill vacancies in the Board or in any committee thereof.
3. Amend or repeal the By-Laws, or adopt new By-Laws.
4. Amend or repeal any resolution of the Board that which, by its express terms, is not so amendable or repealable.
5. Distribute cash dividends to the shareholders.
6. Fix the compensation of Directors for serving on the Board or any committee thereof.
7. Fix or amend the compensation, benefits or perquisites of the Chief Executive Officer.
8. Take any action that the Corporation Code of the Philippines or the Company's By-Laws prohibit the Board from delegating to a committee.
9. Take any action required by the rules or regulations of the Securities and Exchange Commission or the Philippine Stock Exchange to be approved by the full Board or by another committee of the Board.

V. Outside Advisors

The Executive Committee shall have the authority to retain outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions and to approve their fees and other retention terms.

VI. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Executive Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.