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R O X A S A N D C O M P A N Y , I N C .
(F O R M E R L Y C A D P G R O U P
C O R P O R A T I O N)

(Company's Full Name)

7 T H F L O O R C G B U I L D I N G
1 0 1 A G U I R R E S T R E E T L E G A S P I
V I L L A G E M A K A T I C I T Y

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

ATTY. ALEZANDRO S. CASABAR

810-8901

September 30
Month Day
Fiscal Year

SEC Form 17-C
Form Type

February 4th Wednesday
Month Day
Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

3,415
Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

File Number

LCU

Document I.D.

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report: **07 August 2014.**
2. SEC Identification Number: **834.**
3. BIR Tax Identification No. : **000-269-435-000.**
4. Exact name of issuer as specified in its charter: **ROXAS AND COMPANY, INC.**
5. **Philippines**
Province, Country or other jurisdiction of
Incorporation or Organization
6. (SEC Use Only)
Industry Classification Code
7. **7F Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City 1229**
Address of Principal Office
8. **(632) 810-89-01 to 06**
Registrant's telephone number, including area code
9. **CADP GROUP CORPORATION**
6F Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City 1229
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8
of the RSA

Title of Each Class	No. of Shares of Stock Outstanding and Amount of Debt Outstanding
Authorized Capital Stock Common	₱3,375,000,000.00
No. of Shares Subscribed & Outstanding Common	1,921,501,095

11. Indicate the item numbers reported herein: Item 9.

Item 9. Others.

The Board of Directors of Roxas and Company, Inc. (RCI), in its regular meeting held today, approved the following:

- 1) Consolidated financial reports of the company for the quarter ending 30 June 2014;
- 2) Revised Manual on Corporate Governance; and
- 3) Executive Compensation Committee Charter.


SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROXAS AND COMPANY, INC.

Issuer

By:


ALEZANDRO S. CASABAR
Compliance Officer

Date: 07 August 2014.

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R O X A S A N D C O M P A N Y , I N C .
(F O R M E R L Y C A D P G R O U P
C O R P O R A T I O N)

(Company's Full Name)

7 T H F L O O R C G B U I L D I N G
1 0 1 A G U I R R E S T R E E T L E G A S P I
V I L L A G E M A K A T I C I T Y

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

ATTY. ALEZANDRO S. CASABAR

810-8901

SEC Form 17-C

(Revised Manual on Corporate Governance)

September 30
Month Day
Fiscal Year

Form Type

February 4th Wednesday
Month Day
Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

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Total Amount of Borrowings

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TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

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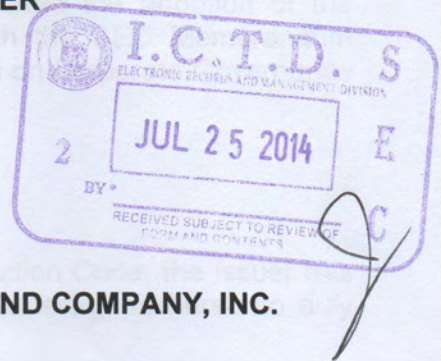
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report: **25 July 2014.**
2. SEC Identification Number: **834.**
3. BIR Tax Identification No. : **000-269-435-000.**
4. Exact name of issuer as specified in its charter: **ROXAS AND COMPANY, INC.**
5. **Philippines**
Province, Country or other jurisdiction of
Incorporation or Organization
6. (SEC Use Only)
Industry Classification Code
7. **7F Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City 1229**
Address of Principal Office
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Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8
of the RSA



Title of Each Class	No. of Shares of Stock Outstanding and Amount of Debt Outstanding
Authorized Capital Stock Common	P3,375,000,000.00
No. of Shares Subscribed & Outstanding Common	1,921,501,095

11. Indicate the item numbers reported herein: Item 9.

Item 9. Others.

The Nomination, Election and Governance Committee of Roxas and Company, Inc. (RCI), in its special meeting held 25 July 2014, approved the adoption of the Revised Corporate Governance Manual in compliance with the SEC Memorandum Circular No. 9, Series of 2014. A copy of the Revised Manual on Corporate Governance is attached hereto as Annex "A".

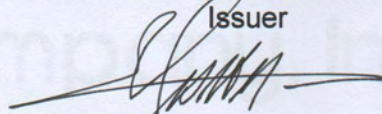
SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROXAS AND COMPANY, INC.

Issuer

By:



ALEZANDRO S. CASABAR

Compliance Officer

Date: 25 July 2014.



Roxas
& Company, Inc.

REVISED MANUAL ON CORPORATE GOVERNANCE



ARTICLE 1: INTRODUCTION

The Board of Directors, Management, Officers and Staff of **ROXAS AND COMPANY, INC.** hereby commit themselves to the principles and best practices contained in this Manual and acknowledge that these principles and practices will guide them in the attainment of the corporation's goals. The corporation continues to adhere to its Mission and Vision Statements as well as its Core Values which all form an integral part of this Manual.

This Manual institutionalizes the principles of good corporate governance in the entire organization. The Board of Directors, Management, Officers and Staff of RHI hereby undertake to do every effort that shall be necessary to create awareness and observance of these principles.

ARTICLE II: VISION AND MISSION STATEMENT AND CORE VALUES

VISION STATEMENT

Roxas and Company, Inc. aims to be a premier publicly-listed holding firm with investments in the country's leading sugarcane-based solutions provider and property development businesses.

We strive to be a leader in all our business undertakings, empowering lives and delivering value to our stakeholders.

MISSION STATEMENT

We commit to the following mission:

- To maintain businesses that deliver superior results to customers and other stakeholders
- To deliver long-term growth in shareholder value
- To be a responsible corporate citizen by participating in nation- and community-building
- To ensure that our businesses promote environmental protection and sustainable development practices
- To provide a nurturing environment to develop and empower our people

CORE VALUES

- R – Resiliency and Reliability**
- O – Observance of Good Corporate Governance Practices**
- X – eXcellence and Innovation**
- A – Accountability and Integrity**
- S – Social Responsibility and Nation-Building**

ARTICLE 3: BOARD GOVERNANCE

The Board of Directors (the “Board”) is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

3.1. Composition of the Board

- 3.1.1. The Board shall be composed of nine (9) members who are elected by the stockholders entitled to vote at the annual meeting and shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws of the corporation. The corporation shall have at least two (2) independent directors.
- 3.1.2. The membership of the Board may be a combination of executive and nonexecutive directors, which include independent directors, in order that no director or small group of directors can dominate the decision-making process. The nonexecutive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

3.2. Qualifications of Directors

- 3.2.1. In addition to the qualifications for membership in the Board provided for in the Corporation Code and other relevant laws, the members of the Board should possess the following qualifications:
 - 3.2.1.1. Holder of at least one thousand (1,000) shares of stock of the corporation;
 - 3.2.1.2. At least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
 - 3.2.1.3. At least twenty one (21) years old;
 - 3.2.1.4. Possesses integrity and probity; and
 - 3.2.1.5. Assiduous.

3.2.2. The Board may likewise provide for the following additional qualifications for membership in the Board:

3.2.2.1. Practical understanding of the business of the corporation;

3.2.2.2. Membership in good standing in relevant industry, business or professional organizations; and

3.2.2.3. Previous business experience.

3.3. Disqualification of Directors

3.3.1. *Permanent Disqualification.* The following shall be grounds for the permanent disqualification of a director:

3.3.1.1. 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 identified in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

3.3.1.2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission ("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;
- 3.3.1.3. 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;
- 3.3.1.4. 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, included or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission of BSP, or any of its rule, regulation or order;
- 3.3.1.5. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- 3.3.1.6. Any person judicially declared as insolvent;
- 3.3.1.7. 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;
- 3.3.1.8. 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 date of his election or appointment.
- 3.3.2. *Temporary Disqualification.* The Board may provide for the temporary disqualification of a director for any of the following reasons:
- 3.3.2.1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- 3.3.2.2. 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;
- 3.3.2.3. 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;

3.3.2.4. 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;

3.3.2.5. 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.

3.4. Responsibilities, Duties and Functions of the Board

3.4.1. *General Responsibility.* **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 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.

3.4.2. *Duties and Functions.* **To ensure a high standard of best practice for the corporation, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:**

3.4.2.1. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management.

3.4.2.2. Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.

3.4.2.3. Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.

- 3.4.2.4. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporation's CEO or Chief Financial Officer ("CFO") or his equivalent shall exercise oversight responsibility over this program.
- 3.4.2.5. **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.**
- 3.4.2.6. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times. There shall be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.
- 3.4.2.7. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- 3.4.2.8. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- 3.4.2.9. Constitute an Audit and Risk Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- 3.4.2.10. Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- 3.4.2.11. Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration.
- 3.4.2.12. Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.

3.4.2.13. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

3.4.3. *Internal Control Responsibilities.* The Board shall continue and enhance its internal control environment by observing the following measures:

3.4.3.1. Adoption and improvement of minimum internal control mechanisms for the performance of the Board's oversight responsibility including, but not limited to, the following:

- i. Definition of the duties and responsibilities of the CEO who is ultimately accountable for the corporation's organizational and operational controls;
- ii. Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
- iii. Evaluation of proposed senior management appointments;
- iv. Selection and appointment of qualified and competent management officers; and
- v. Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

3.4.3.2. Formulation, implementation and enhancement of systems of effective organizational and operational controls depending on the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.

3.4.3.3. Establishment of an internal audit system that can reasonably assure the Board, Management and stockholders that the Corporation's key organizational and operational controls are faithfully complied with. The Board shall appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

3.5. Specific Duties and Responsibilities of a Director

3.5.1. A director's office is one of trust and confidence. A director shall act in the best interest of the corporation in a manner characterized by transparency,

accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

3.5.2. A director shall observe the following norms of conduct:

3.5.2.1. *Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.*

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

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

3.5.2.2. *Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.*

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

3.5.2.3. *Act judiciously.*

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

3.5.2.4. *Exercise independent judgment.*

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

- 3.5.2.5. *Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.*

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

- 3.5.2.6. *Observe confidentiality.*

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

3.6. Board Meetings and Quorum Requirement

- 3.6.1. The members of the Board shall attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.
- 3.6.2. Independent directors shall always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

3.7. Board Committees

The Board shall maintain the following committees to assist it in good corporate governance:

3.7.1. Audit and Risk Committee.

The Audit and Risk Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit and Risk Committee shall be an independent director. The committee shall have the following functions:

- 3.7.1.1. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- 3.7.1.2. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the

- corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- 3.7.1.3. Review the risk management infrastructure and culture to ensure that the relevant activities are aligned with the overall goals and strategies of the Company;
- 3.7.1.4. Perform oversight functions over the corporation's internal and external auditors. It shall 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;
- 3.7.1.5. Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- 3.7.1.6. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- 3.7.1.7. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- 3.7.1.8. Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- 3.7.1.9. Review the reports submitted by the internal and external auditors;
- 3.7.1.10. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
- i. Any change/s in accounting policies and practices
 - ii. Major judgmental areas
 - iii. Significant adjustments resulting from the audit
 - iv. Going concern assumptions
 - v. Compliance with accounting standards
 - vi. Compliance with tax, legal and regulatory requirements.
- 3.7.1.11. Coordinate, monitor and facilitate compliance with laws, rules and regulations;

- 3.7.1.12. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation's annual report.
- 3.7.1.13. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit and Risk Committee.
- 3.7.1.14. The Audit and Risk Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

3.7.2. Nomination, Election and Governance Committee.

The Nomination, Election and Governance Committee shall be composed of at least three (3) voting Directors, one of whom must be an independent director. The committee shall have the following functions:

- 3.7.2.1. It shall review and evaluate the qualifications of, and shortlist, all persons nominated to the Board and other appointments that require Board approval.
- 3.7.2.2. It shall assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.
- 3.7.2.3. It shall consider the following guidelines in the determination of the capability of a director to serve as such:
 - i. The nature of the business of the corporation of which he is a director;
 - ii. Age of the director;
 - iii. Number of directorships/active memberships and officers in other corporations or organizations; and
 - iv. Possible conflict of interest.

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

The CEO 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 diligently shall not be compromised.

- 3.7.2.4. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- 3.7.2.5. Review and monitor the training and continuous professional development of directors and senior management;
- 3.7.2.6. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- 3.7.2.7. Develop, review and monitor the code of conduct or compliance manual applicable to the directors and employees of the Company;
- 3.7.2.8. Review the Company's compliance with the Revised Code of Corporate Governance and disclosure requirements in the Corporate Governance Report.
- 3.7.2.9. The findings and recommendations of the Nomination, Election and Governance Committee shall be submitted to the Board for approval; Provided that a director whose qualifications are in issue shall not have the right to vote when the Board considers his case.

3.7.3. Executive Compensation Committee.

The Executive Compensation Committee shall be composed of at least three (3) voting Directors, one of whom must be an independent director. The committee shall have the following functions:

- 3.7.3.1. It shall establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel to ensure that their compensation is consistent with the Corporation's culture, strategy and control environment;
- 3.7.3.2. Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board of Directors;
- 3.7.3.3. Develop a form on Full Business Interest Disclosure as part of pre-employment requirements for all incoming officers, which, among others, shall compel all officers to declare under the penalty of perjury all their existing business interests or

shareholdings that may directly or indirectly conflict in their performance of the duties once hired;

3.7.3.4. Disallow any director to decide his or her own remuneration;

3.7.3.5. Provide in the Corporation's annual reports prescribed by the Commission, information and proxy statements a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year;

3.7.3.6. Review of existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be met periodically in their respective posts.

3.7.4. Each 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 Committee.

3.7.5. The respective Charters of the Committees shall be approved by the Board and shall not be amended unless such amendment shall have been approved by the Board.

3.8. The Chairman of the Board

3.8.1. The duties and responsibilities of the Chairman in relation to the Board include, among others, the following:

3.8.1.1. Ensure that the meetings of the Board are held in accordance with the by-laws or as he may deem necessary;

3.8.1.2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer ("CEO"), Management and the directors; and

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

3.8.2. The roles of the Chairman and CEO shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better

capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chairman and CEO upon their election. If the positions of the Chairman and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

3.9. The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He shall have the following responsibilities:

- 3.9.1. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
- 3.9.2. Be loyal to the mission, vision and objectives of the corporation;
- 3.9.3. **Work fairly and objectively with the Board, Management and stockholders and other stakeholders;**
- 3.9.4. Have appropriate administrative and interpersonal skills;
- 3.9.5. If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- 3.9.6. Have a working knowledge of the operations of the corporation;
- 3.9.7. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings 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;
- 3.9.8. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- 3.9.9. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- 3.9.10. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual.
- 3.9.11. Submit to the Commission, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings. The certification may be submitted through SEC Form 17-C or in a separate filing.

3.10. The Compliance Officer



To ensure adherence to the corporate principles and best practices, the Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. He shall perform the following duties:

- 3.10.1. Monitor compliance by the corporation with this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- 3.10.2. Appear before the Commission when summoned in relation to compliance with this Code; and
- 3.10.3. Issue a certification every January 30th of the year on the extent of the corporation's compliance with this Code for the completed year and, if there are any deviations, explain the reason for such deviation.

ARTICLE 4: ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members shall be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the corporation's expense.

ARTICLE 5: ACCOUNTABILITY AND AUDIT

- 5.1. The Board is primarily accountable to the stockholders. It shall provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

- 5.2. Management shall, under the supervision of the Audit and Risk Committee, formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
- 5.2.1. The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, shall be clearly explained;
 - 5.2.2. **An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders;**
 - 5.2.3. On the basis of the approved audit plans, internal audit examinations shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules and regulations;
 - 5.2.4. The corporation shall consistently comply with the financial reporting requirements of the Commission.
- 5.3. **External Auditor.**
- 5.3.1. The Board, after consultations with the Audit and Risk Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the corporation and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.
 - 5.3.2. The external auditor shall not, at the same time, provide internal audit services to the corporation.
 - 5.3.3. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.
 - 5.3.4. The external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, shall be changed with the same frequency.
 - 5.3.5. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, financial disclosures of audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said



report shall be given by the corporation to the external auditor before its submission.

- 5.3.6. If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

5.4. **Internal Auditor.**

- 5.4.1. 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, Management and Stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.
- 5.4.2. The Internal Auditor shall submit to the Audit and Risk Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit and Risk Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor shall certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

ARTICLE 6: TRAINING PROCESS

- 6.1. If necessary, funds shall be allocated by the Board upon recommendation of the CFO or his equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.
- 6.2. 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.

ARTICLE 7: STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

- 7.1. The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:
 - 7.1.1. *Voting Right.*

- 7.1.1.1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- 7.1.1.2. Cumulative voting shall be used in the election of directors.
- 7.1.1.3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

7.1.2. *Pre-emptive Right.*

All stockholders shall have pre-emptive rights in accordance with law, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the corporation. The Articles of Incorporation shall lay down the specific rights and powers of stockholders 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.

7.1.3. *Power of Inspection.*

All stockholders shall be allowed to inspect corporate books and records including minutes of the 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.

7.1.4. *Right to Information.*

- 7.1.4.1. The stockholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the corporation's shares, dealings with the corporation, relationships among directors and key officers and the aggregate compensation of directors and officers.
- 7.1.4.2. The minority stockholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.
- 7.1.4.3. The minority stockholders shall have access to any and all information relating to matters for which the management is accountable for. If not included, then the minority stockholders shall be allowed to propose such matters in the agenda of a stockholders' meeting, being within the definition of "legitimate purposes" and in accordance with law, jurisprudence and best practice.

7.1.5. *Right to Dividends.*

7.1.5.1. Stockholders shall have the right to receive dividends subject to the discretion of the Board.

7.1.5.2. The corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: 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.

7.1.6. *Appraisal Right.*

The stockholders 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:

7.1.6.1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder 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;

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

7.1.6.3. In case of merger or consolidation.

7.2. The Board shall continue to be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.

7.3. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.



- 7.4. The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information shall 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.
- 7.5. Although all stockholders shall be treated equally or without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

ARTICLE 8: RESPECT AND PROTECTION OF THE RIGHTS AND INTERESTS OF THE COMPANY'S STAKEHOLDERS

- 8.1. The Company recognizes its responsibility to protect the rights and interests of its stakeholders, specifically, its employees, suppliers, customers, creditors, financiers, as well as the government, the environment, the community in which it operates, and other key stakeholder groups. To this end, the Company shall:
 - 8.1.1. Have in place a workplace development program;
 - 8.1.2. Have in place a merit-based performance incentive mechanism, such as an employee stock option plan or any such scheme that awards employees and at the same time aligns their interests with those of the stockholders;
 - 8.1.3. Have in place a community involvement program;
 - 8.1.4. Have in place an environment-related program;
 - 8.1.5. Have in place policies that guide the Company in its dealings with its suppliers, customers, creditors, market intermediaries, and other market participants;
 - 8.1.6. Ensure that the Board and Management deal fairly with the Company's employees, suppliers and customers, creditors and other key stakeholder groups.

ARTICLE 9: DISCLOSURE AND TRANSPARENCY

- 9.1. The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.

It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management,

The Board shall therefore commit at all times to full disclosure of material information dealings. 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.

- 9.2. 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;
- 9.3. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
- 9.4. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.
- 9.5. This manual shall be available for inspection by any stockholder of the Corporation at reasonable times on business days.
- 9.6. The Compliance Officer shall provide copies of the Manual to all directors, division and department heads to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- 9.7. An adequate number of printed copies of this Manual must be reproduced under the supervision of the Compliance Officer, with a minimum of at least one (1) hard copy of the Manual per department.

ARTICLE 10: MONITORING AND ASSESSMENT

- 10.1. Each committee shall report regularly to the Board of Directors.
- 10.2. 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 Article 10 of this Manual.
- 10.3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.
- 10.4. This Manual shall be subject to periodic review by the Board.

- 10.5. All business processes and practices being performed within any department of business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the competent extent.

ARTICLE 11: PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- 11.1. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the corporation's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:
- 11.1.1. In case of first violation, the subject person shall be reprimanded.
 - 11.1.2. Suspension from office shall be imposed in case of a second violation. The duration of the suspension shall depend of the gravity of the violation.
 - 11.1.3. For a third violation, the maximum penalty or removal from office shall be imposed.
- 11.2. The commission of a third violation of this Manual by any member of the Board of the Corporation or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship, subject to the provisions of the Corporation Code.
- 11.3. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation for further review and approval by the Board.

Signed:



PEDRO E. ROXAS

Chairman
President and Chief Executive Officer
Roxas and Company, Inc.



COMPENSATION COMMITTEE CHARTER

ROXAS AND COMPANY, INC.

COMPENSATION COMMITTEE CHARTER

This Charter was approved and ratified by the Board of Directors of Roxas and Company, Inc. on 07 August 2014.

1. DEFINITIONS

1.1. Defined Terms

The following terms are used in this Charter with the respective meanings ascribed to such terms below, unless the context otherwise requires:

“Advisor”	shall have the meaning ascribed to such term in Section 3.1(c);
“Board”	means the Board of Directors of the Company, as constituted from time to time;
“By-Laws”	means the By-Laws of the Company, as may be amended from time to time;
“CG Manual”	means the Manual on Corporate Governance of the Company, as may be amended from time to time;
“Committee”	means the Compensation Committee of the Company, as constituted from time to time;
“Company” or “RCI”	means Roxas and Company, Inc.;
“Director”	means a duly elected member of the Board;
“Employees”	means all the employees of the Company, including Officers and Executives;
“Executive Director”	means a Director who is at the same time an Officer or an Executive of the Company;
“Executives”	means the executives of the Company with the rank of Manager up to Assistant Vice President;
“Independent Director”	shall have the meaning ascribed to such term in Annex A hereof;
“Management”	means the body composed of the CEO and Officers responsible for the day-to-day conduct of business of the Company and the

implementation of its business strategies, plans and policies;

“Members” means the members, including the Chairman, of the Committee as appointed by the Board from time to time;

“Officers” means the officers of the Company with the rank of Vice President and above;

“this Charter” means this Compensation Committee Charter, including its Schedule and Annexes, as the same may be amended from time to time; and

“year” means a fiscal year.

1.2 Interpretation

(a) Unless the context otherwise requires:

- (i) words in the singular include the plural, and *vice versa*; and
- (ii) words importing any gender include all genders.

(b) The word “writing”, or any cognate expression, includes a reference to any communication effected by telex, facsimile transmission or any mode of reproducing words in a legible and non-transitory form.

(c) A reference to a statute or statutory provision shall be construed as a reference to that statute or statutory provision as from time to time amended, modified or re-enacted, any repealed statute or statutory provision which it re-enacts, and any order, rule or regulation made under the relevant statute or statutory provision.

(d) The headings in this Charter are inserted solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.

2. PURPOSES, DUTIES AND POWERS

2.1 The Committee shall have the purposes, duties and powers set out in the Schedule attached hereto and such other duties and powers as may be delegated to the Committee by the Board, subject to such limitations as the Board may determine and notify to the Committee.

2.2 The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage and obtain external advice, counsel or consultancy services as it deems appropriate without need for Board approval.

2.3 The Chairman of the Committee and/or any of its Members may meet separately with Management to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any Officer, Executive or employee of the Company or the Company’s outside counsel or external auditors to attend a meeting of the Committee or to meet with any Members or consultants of the Committee.

2.4 As may be requested by the Committee, functional specialists within the Company shall provide technical support on finance, human resources and other subject matters relevant to the purposes of the Committee, except with respect to their own compensation or related matters.

3. COMMITTEE STRUCTURE

3.1 Composition

- (a) The Committee shall be composed of at least three (3) Members, at least one (1) of whom shall be an Independent Director. The Human Resources Head of the Company shall serve as subject matter/functional expert of the Committee.
- (b) The Chairman and Members of the Committee shall be appointed by the Board.
- (c) The Board may appoint one or more persons to serve as advisor(s) to the Committee (an "Advisor"). Advisors shall have the right to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action by the Committee.
- (d) The Chairman of the Committee or any of its Members or Advisors may be removed from office only by the Board.

3.2 Qualifications

- (a) The Chairman or any Member of the Committee shall be a Philippine citizen if so required under applicable laws and regulations and/or the By-Laws.
- (b) The Chairman and Members of the Committee shall be Directors.
- (c) The office of a Member shall *ipso facto* be vacated:
 - (i) if he resigns his office as a Member;
 - (ii) if he is removed by a resolution of the Board;
 - (iii) if he becomes of unsound mind;
 - (iv) if he is convicted of an indictable offense;
 - (v) if he is subsequently disqualified from becoming a Member; or
 - (vi) if he ceases to be a Director.

If upon determination by the Board or its Nomination, Election and Governance Committee: [a] a Member who is an Independent Director ceases to meet any of the independence criteria set forth in Annex A hereof, or [b] a Member ceases to possess any of the qualifications for directorship set forth in Annex B hereof or becomes disqualified from directorship based on any grounds for disqualification set forth in Annex C hereof, the Board shall make such appointments in order to meet the required composition of the Committee as set forth in Section 3.1(a).

4. COMMITTEE PROCEDURES

4.1 Meetings

- (a) The Committee shall hold meetings at such times and places as it considers appropriate.
- (b) Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate or upon request of a majority of the Members.
- (c) A Committee meeting shall be convened upon notice in writing at least three (3) days prior to the meeting and specifying the place, date and time of the meeting and the matters to be discussed at the meeting.
- (d) Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members present in the meeting at which there is a quorum. A Member may consent to short notice and may waive notice of any meeting of the Committee and any such waiver may be retrospective.
- (e) Each Member/Advisor shall give to the Secretary of the Committee an address and a facsimile number for the service of notices of meetings of the Committee.
- (f) Notice of a meeting of the Committee shall be deemed to be duly served upon a Member/Advisor if it is given to him personally, or sent to him by mail or facsimile transmission to his address or facsimile number given by him to the Secretary of the Committee in accordance with Section 4.1(e) above.
- (g) The quorum for a meeting of the Committee shall be at least a majority of the Members present throughout the meeting.
- (h) Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the Members present at such meeting.
 - (i) Each Member, including the Chairman of the Committee, shall have one (1) vote.
 - (ii) In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.
 - (iii) A resolution in writing signed by all Members shall be as valid and effective for all purposes as a resolution of the Committee passed at a meeting of the Committee duly convened, held and constituted. A written notification of confirmation of such resolution in writing sent by a Member shall be deemed to be his signature to such resolution in writing for such purpose. Such resolution in writing may consist of several documents, each signed by one or more Members.
- (j) If, within thirty (30) minutes from the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same

day in the next week at the same time and place, or to such other day, time and place as the Chairman of the meeting may determine.

- (k) Members and Advisors may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.

4.2 Escalation

If the Committee decides to take any action to which any Member objects, such Member shall have the right, by notice in writing to the Chairman of the Committee within ten (10) days after such meeting, to require the Committee to reconsider its decision in a separate meeting. If, after such reconsideration, any Member objects to the action which the Committee has decided to take at the second Committee meeting, then said Member shall be entitled, by notice in writing to the Board (together with any relevant supporting materials) within ten (10) days from the date of the second Committee meeting, to require the particular matter to be considered and decided by the Board at its next scheduled meeting. The decision of the Board shall be final and binding. Any action proposed to be taken by the Committee which is the subject of the foregoing procedures shall be held in abeyance, and shall be deemed for all purposes not to have been taken, during the pendency of such procedures.

4.3 Minutes and Records

- (a) The Committee shall appoint a Secretary who shall prepare minutes of meetings of the Committee and keep records of the Committee.
- (b) The Committee shall cause records to be kept for the following:
 - (i) appointments and resignations of the Members/Advisors;
 - (ii) all agenda and other documents sent to the Members/Advisors; and
 - (iii) minutes of proceedings and meetings of the Committee.
- (c) Any such records shall be open for inspection by any Member/Advisor upon reasonable prior notice during usual office hours of the Company.
- (d) Minutes of any meeting of the Committee, if purported to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings and resolutions of such meeting.

4.4 Notice

- (a) Except for notice of meetings of the Committee which shall be given or issued in accordance with Section 4.1(f), any other notice or document to be given or issued to the Members/Advisors may be served by the Committee upon any Member/Advisor either (i) personally, or (ii) by sending it by mail, postage prepaid, addressed to such Member/Advisor at his address, and, in any case where the address of a Member/Advisor is outside the Philippines, by prepaid airmail, or courier, or (iii) by facsimile transmission, or (iv) by electronic mail.

- (b) Any notice sent by mail shall be deemed to have been served, in the case where the Member's/Advisor's address is in the Philippines, on the day following that on which the notice is mailed in the Philippines, and in any other case, on the third day after the day of mailing. In proving such service, it shall be sufficient to prove that the notice was properly addressed and mailed, postage prepaid. Any notice sent by electronic mail shall be deemed to have been served upon transmission. If sent by facsimile transmission, notice shall be deemed to have been sent upon dispatch, as evidenced by facsimile transmission confirmation report.
- (c) Any notice or other document required to be sent to or served upon the Committee or upon any Officer, may be sent or served by leaving the same, or sending it through the post in a postage prepaid envelope, addressed to the Committee or to such Officer, at the principal place of business of the Company.

5. REMUNERATION OF MEMBERS/ADVISORS

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board for such purposes. In the case of a Member who is an Independent Director, no fees or compensation shall be paid directly or indirectly to such Member or his firm for consultancy or advisory services rendered directly by the Member or indirectly through his firm even if such Member is not the actual service provider. However, this prohibition shall not apply to ordinary compensation paid to such Member or his firm in respect of any other supplier or other business relationship or transaction that the Board has determined to be at arm's length terms and immaterial for purposes of its basic Member's independence analysis.

6. MEMBER'S/ADVISOR'S INTERESTS

- 6.1 A Member/Advisor who is in any way, whether directly or indirectly, interested in a contract, arrangement or any other dealing or proposed contract, arrangement or dealing with the Company shall declare the nature of his interest in accordance with the provisions of this Charter. A general notice given by a Member/Advisor to the other Members/Advisors to the effect that he is a shareholder or a director of a relevant company or firm, and is to be regarded as interested in any contract, arrangement or dealing which may, after the date of the notice, be entered into or made with that company or firm, shall, for the purpose of this Charter, be deemed to be a sufficient disclosure of interest in relation to any contract, arrangement or dealing so entered into or made.
- 6.2 Without prejudice to the provisions of Section 3.2(c), no Member/Advisor or intended Member/Advisor shall be disqualified by his office from contracting with the Company, nor shall any contract, arrangement or dealing entered into by or on behalf of the Company with any Member/Advisor or any firm or company in which any Member/Advisor is in any way interested be void or voidable, nor shall any Member/Advisor so contracting or being so interested be liable to account to the Company for any profit, remuneration or other benefits realized by any such contract, arrangement or dealing, by reason only of the

interest of such Member/Advisor, provided that such contract, arrangement or dealing was approved by the Board in a meeting properly convened, the presence of such Member/Advisor (if a Director) in the Board meeting in which the contract, dealing or arrangement was approved was not necessary to constitute a quorum for such meeting, the vote of such Member/Advisor (if a Director) was not necessary for the approval of such contract, dealing or arrangement and the contract, dealing or arrangement is fair and reasonable under the circumstances.

7. AMENDMENT

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

SCHEDULE

COMPENSATION COMMITTEE CHARTER

Purposes

The primary purposes of the Committee are to:

1. Provide guidance and assistance to the Board in developing a compensation philosophy or policy consistent with the culture, strategy and control environment of the Company;
2. Oversee the development and administration of the Company's compensation programs, including long term incentive plans and equity based plans for Officers and Executives; and
3. Assist the Board in the performance evaluation of and succession planning for Officers, including the CEO, and in overseeing the development and implementation of professional development programs for Officers.

Duties and Powers

To carry out its purposes, the Committee shall have the following duties and powers:

- I. Compensation Philosophy
 - A. Oversee the formulation and development of a corporate compensation philosophy and strategy, consistent with the Company's culture, business strategy and the control environment in which it operates, and recommend approval thereof by the Board of Directors;
 - B. Review the effectiveness and appropriateness of the Company's compensation philosophy and strategy and its implementation at least every two (2) years;
- II. Compensation Policies and Programs
 - A. President and CEO
 - (i) Review and approve corporate goals and objectives relevant to the compensation of the President and CEO, evaluate the performance of the President and CEO in light of those goals and objectives, and set the compensation level of the President and CEO based on such evaluation; and
 - (ii) In determining the long-term incentive component of the compensation of the President and CEO, consider, among other factors, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the President and CEO in the past years.

B. Other Members of Management and Key Personnel

- (i) Assist in the development of the Company's over-all compensation and retirement policies and programs based on the Board-approved compensation philosophy, including but not limited to the following:
 - (a) The design of the compensation, retention and retirement plans or programs;
 - (b) The range of the compensation or retention packages based on appropriate benchmarks and performance metrics; and
 - (c) A formal and transparent procedure for implementation.
- (ii) Review and recommend to the Board for approval, any long term incentive plans and equity-based plans for Officers, Executives and other key personnel, and discharge any responsibilities imposed on the Committee by any of these plans; and
- (iii) Review and recommend to the Board for approval any retention, or severance or similar plans or arrangements applicable to current or former Officers, Executives and other key personnel of the Company and payments proposed to be made pursuant thereto.

C. Directors

- (i) Periodically evaluate and, if the Committee deems appropriate, recommend to the Board adjustments in the amount of per diems taking into consideration the compensation practices of other listed companies of comparable size and the performance of the Company. The Committee may also recommend to and review with the Board any proposal to grant compensation or other forms of remuneration, such as stock options, to Directors, provided that any such proposal shall be subject to stockholders' approval as required by law. The Directors shall not decide on their own compensation, other than per diems.
- (ii) Ensure that Directors shall not receive any compensation, as such, except for reasonable per diems, unless such compensation is provided in the By-Laws or granted by a vote of the stockholders representing at least a majority of the outstanding capital stock of the Company.

III. Development Programs and Succession Planning

- A. Cause the development of a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming Officers, Executives and other key personnel which, among other requirements, compel all such Officers, Executives and key personnel to declare all their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their duties. Failure to properly disclose such interests shall be subject to the relevant rules and policies of the Company;

- B. Review any existing Human Resources Development or Personnel Handbook, and consider and approve recommendations of the Company's Human Resources Head for strengthening provisions on conflict of interest, salaries and benefits, promotions and career advancement directives and ensuring compliance by personnel concerned with all statutory requirements that must be met as a condition for maintaining their employment or, in the absence of such Personnel Handbook, to cause the development of such, covering the same parameters of governance stated above;
- C. Review the general criteria for the employment and promotion of Officers, Executives and key personnel, consider and approve any proposed update to such criteria as well as any training and development plans for such Officers, Executives and key personnel which may be recommended by the Company's Human Resources Head, and keep track of the performance and development of such Officers, Executives and key personnel;
- D. Review and, as the Committee may deem necessary, recommend to the Board for approval any amendments to any executive performance evaluation system of the Company; and
- E. Review potential career paths for selected high-potential Officers, Executives and key personnel of the Company and Management's succession plan as developed or recommended by the President and CEO and/or Human Resources Head.

IV. Reporting and Recommendations

- A. Cause the preparation of a clear, concise and understandable disclosure of the compensation of the Directors and the top four (4) Officers for the previous fiscal year which are required to be included in the Company's annual report, proxy/information statements and other reports pursuant to the requirements of the Securities Regulation Code and its Implementing Rules and Regulations;
- B. Report the Committee's activities to the Board at least once a year and make such recommendation with respect thereto and other matters as the Committee may deem necessary or appropriate; and prepare and present to the Board a summary of the actions taken at each Committee meeting; and
- C. Prepare and review with the Board an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter, set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board on any improvements to this Charter deemed necessary or desirable by the Committee; provided that such report to the Board may take the form of an oral report by the Chairman of the Committee or any other member of the Committee designated by the Committee to make such report.

ANNEX A – INDEPENDENT DIRECTOR

“Independent Director” means a person who is independent of Management and who, apart from his fees and shareholdings, is free from any business or other relationship with the Company which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company and includes, among other persons, one who:

- (i) is not a director or officer of the Company or any of its related companies or any of its substantial shareholders (other than as an Independent Director/Advisor of any of the foregoing);
- (ii) was not a director (other than an Independent Director) of the Company who resigned or whose term ended within the last two (2) years;
- (iii) was not the chairman *emeritus* or an *ex-officio* director/officer or a member of the advisory board of the Company or otherwise appointed in a capacity to assist the Board of the Company in the performance of its duties and responsibilities within the last one (1) year;
- (iv) does not own more than two percent (2%) of the shares of stock of the Company or any of its related companies or any of its substantial shareholders;
- (v) is not a relative of any director, officer or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders. For this purpose, “relatives” includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (vi) is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement;
- (vii) has not been employed in any executive capacity by the Company or any of its related companies or any of its substantial shareholders within the last five (5) years;
- (viii) is not retained, or within the last five (5) years, has not been retained, as a professional adviser by the Company or any of its related companies or any of its substantial shareholders, either personally or through his firm;
- (ix) has not engaged and does not engage in any transaction with the Company or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm’s length and are immaterial;
- (x) is not employed as an officer or executive of another entity where any of the Company’s officers or executives serves on that entity’s Compensation Committee;

- (xi) is not affiliated with or employed, or within the last five (5) years, has not been affiliated with or employed, by the Company's present or former External Auditor or their affiliates; or
- (xii) is not a securities broker-dealer or a 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 ("Exchange"), associated person or salesman, and an authorized clerk of the broker or dealer.

When used in relation to a company, "related company" means another company which is: (a) 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 percent (10%) of any class of its equity security.

To qualify for nomination as an Independent Director, a person must possess all of the qualifications and have none of the disqualifications for directorship in the Company as set forth in Annexes B and C, respectively, and must meet the independence criteria enumerated above and such other criteria provided under applicable law or regulation or determined by the Board of Directors or its Nomination, Election and Governance Committee.

An incumbent Independent Director shall be disqualified from continuing to be such during the remainder of his tenure if, upon determination by the Board or its Nomination, Election and Governance Committee: (a) he ceases to meet any of the independence criteria provided above, or (b) he becomes disqualified from directorship based on any of the grounds for disqualification in accordance with Annex C.

ANNEX B – QUALIFICATIONS FOR DIRECTORSHIP

1. Must own at least one thousand (1,000) shares of stock of the Company standing in his name on the books of the Company;
2. Must have a college education or equivalent academic degree;
3. Must be at least twenty-one (21) years old;
4. Must possess integrity and probity;
5. Must have a practical understanding of the business of the Company or previous business experience; and
6. 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.

The Nomination, Election and Governance Committee may consider and recommend to the Board other qualifications which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company, including, but not limited to, membership in good standing in relevant industry, business or professional organization.

ANNEX C – GROUNDS FOR DISQUALIFICATION FROM DIRECTORSHIP

Permanent Disqualification

1. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final, non-appealable judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the Philippine Securities and Exchange Commission (“Commission”):
 - (a) an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
 - (b) any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person’s conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; or
 - (c) having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or the *Bangko Sentral ng Pilipinas* (“BSP”), or any rule, regulation or order of the Commission or BSP;
2. 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 an 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.

The disqualification shall also apply if such person: (a) 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 BSP, or under any rule or regulation issued by the Commission or BSP; or (b) has otherwise been restrained to engage in any activity involving securities and banking; or (c) 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 said organization;

3. Any person found guilty by final judgment or order of a foreign court or equivalent securities or banking regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in Sections 1 and 2 above;
4. Any person convicted 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;

5. Any person earlier elected as independent director who becomes an officer, employee or consultant of the Company;
6. Any person judicially declared as insolvent;
7. Any person who is engaged in any business which competes with or is antagonistic to that of the Company. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged if:
 - (a) he is an employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least thirty per cent (30%) of the capital stock) or entity engaged in a business that the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Company or any of its subsidiaries; or
 - (b) he is an employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation or entity engaged in any line of business of the Company or any of its subsidiaries, when in the judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations and restraint of trade shall be violated by such person's membership in the Board; or
 - (c) the Board, in the exercise of its judgment in good faith and by at least three-fourths (3/4) vote, determines that he is the nominee of any person set forth in Sections 7 (a) and (b) above.

Temporary Disqualification

The Nomination, Election and Governance Committee may consider and recommend to the Board temporary disqualification of a Director based on any of the following grounds:

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations, which disqualification shall be in effect as long as said refusal persists;
- (ii) Absence in more than fifty percent (50%) of all Board meetings, both regular and special, during his incumbency or any twelve (12) month period during said incumbency, unless the absence is due to justifiable causes such as illness, death of an immediate family member or serious accident. This disqualification applies for purposes of the succeeding election;
- (iii) Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- (iv) Being under preventive suspension by the Company (in the case of an Executive Director); and

- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Any temporary disqualification of a Director recommended by the Nomination, Election and Governance Committee to be valid and effective must be approved by the Board and must comply with the requirements of applicable laws, rules and regulations.

A temporarily disqualified Director shall, within the period prescribed by the Board, which shall not be less than 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.

The Nomination, Election and Governance Committee may consider and recommend to the Board other grounds for disqualification which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company.
