BELMONT HOTEL BORACAY, INC.

MANUAL ON CORPORATE GOVERNANCE.

Approved by the Board of Directors of Belmont Hotel Boracay, Inc.

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TABLE OF CONTENTS

1. INTRODUCTION 3

1.1. DEFINITION OF TERMS 3

2. COMMITMENT TO GOOD CORPORATE GOVERNANCE 4

3. COMPLIANCE SYSTEM 5

3.1. COMPLIANCE OFFICER 5
3.2. BOARD OF DIRECTORS 5
3.2.1. COMPOSITION OF THE BOARD 5
3.2.2. QUALIFICATIONS OF DIRECTORS 6
3.2.3. DISQUALIFICATIONS OF DIRECTORS 6
3.2.4. POLICY ON BOARD DIVERSITY 8
3.2.5. GENERAL RESPONSIBILITY 8
3.2.6. DUTIES AND FUNCTIONS OF THE BOARD 9
3.2.7. NORMS OF CONDUCT 10
3.2.8. INTERNAL CONTROL AND RISK MANAGEMENT RESPONSIBILITIES OF THE BOARD 11
3.2.9. BOARD MEETINGS AND QUORUM REQUIREMENT 12
3.2.10. REMUNERATION OF DIRECTORS AND OFFICERS 12
3.2.11. BOARD COMMITTEES 12
3.2.12. THE CHAIR AND CHIEF EXECUTIVE OFFICER 14
3.2.13. MULTIPLE BOARD SEATS 16
3.3. THE CORPORATE SECRETARY 16
3.4. ADEQUATE AND TIMELY INFORMATION SUPPORT 17
3.5. ACCOUNTABILITY AND AUDIT 17
3.5.1. THE BOARD AND THE MANAGEMENT 18
3.5.2. EXTERNAL AUDITOR 18
3.5.3. INTERNAL AUDITOR 19

4. PROMOTION AND PROTECTION OF STOCKHOLDERS' RIGHTS 20

4.1. RIGHTS OF STOCKHOLDERS 20
4.2. STOCKHOLDERS' MEETINGS 23
4.3. GRIEVANCE MECHANISM ..... ERROR! BOOKMARK NOT DEFINED.

5. DISCLOSURE AND TRANSPARENCY 23

6. EMPLOYEE'S PARTICIPATION 24

7. SUSTAINABILITY AND SOCIAL RESPONSIBILITY 24

8. GOVERNANCE SELF-RATING 24

9. REVIEW, ADOPTION AND EFFECTIVITY 25

1. INTRODUCTION

Upon obtaining the necessary registrations, Belmont Hotel Boracay, Inc. (the **"Corporation"** or **"BHBI"**) will be the property manager of ***Belmont Hotel***, a condominium hotel project located at Barangay Yapak, Municipality of Malay, Province of Aklan, Island of Panay, Philippines.

The framework for corporate governance of BHBI is contained in its Articles of Incorporation and By-Laws, as may be amended from time to time. The Articles of Incorporation and By-Laws provide the basic structure of governance and corporate standards of BHBI, including the duties, responsibilities, and functions of its Board of Directors, officers and employees.

This Manual on Corporate Governance (the **"Manual"**) supplements and complements the provisions of the Articles of Incorporation and By-Laws of BHBI. The Board of Directors has formally adopted this Manual that incorporates the established governance policies and practices in accordance with the Revised Corporation Code of the Philippines (R.A. No. 11232) (the **"Corporation Code"**), the Securities Regulation Code (R.A. No. 8799) and its implementing rules and regulations (the **"Securities and Regulation Code"**) in relation to the Code of Corporate Governance for Public Companies and Registered Issuers (SEC [1] Memorandum Circular No. 24, series of 2019) [collectively, the **"SEC Code of Corporate Governance"**], and other related rules and regulations. Unless otherwise defined herein, the terms used herein are used within the meanings assigned to them by said laws and implementing rules and regulations.

The Board of Directors of BHBI (the "**Board of Directors**" or "**Board**") is committed to the principles of good corporate governance and best practices contained in this Manual, and shall be guided by the same in the pursuit of the Corporation's goals and objectives.

1.1. DEFINITION OF TERMS

(a) **Corporate Governance** – the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.

(b) **Board of Directors** – the governing body elected by the stockholders that exercises the corporate powers of the Corporation, conducts all its business and controls its properties.

(c) **Management** – the group given the authority by the Board of Directors to implement its policies.

(d) **Independent Director** – a person who, apart from his fees and shareholdings, is independent of management and the controlling shareholder and is free from any business or other relationship which could, or could reasonably be perceived to,

[1] Securities and Exchange Commission ("**SEC**" or the "**Commission**").

materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

(e) **Executive Director** – a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.

(f) **Non-executive Director** – a director who has no executive responsibility and does not perform any work related to the operations of the Corporation.

(g) **Non-audit Work** – the other services offered by an external auditor to the Corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor.

(h) **Internal Control** – a process designed and effected by the Board of Directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives, through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations and the organization's policies and procedures.

(i) **Internal Control System** – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Corporation is exposed.

(j) **Internal Audit** – an independent and objective assurance activity designed to add value to and improve the Corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.

(k) **Internal Audit Department** – a department or unit of the Corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the Corporation's operations.

(l) **Internal Auditor** – the position in the Corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

2. COMMITMENT TO GOOD CORPORATE GOVERNANCE

This Manual shall serve to institutionalize BHBI's principles of good corporate governance. For this purpose, the Board of Directors, the Management, the employees and the shareholders of BHBI shall exert utmost efforts to promote and encourage awareness of these principles, with the end in view of fostering a corporate environment grounded on sound strategic business management.

3. COMPLIANCE SYSTEM

3.1. COMPLIANCE OFFICER

The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. The Compliance Officer shall have the rank of at least Vice President or an equivalent position with adequate stature and authority in the Corporation. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

The Compliance Officer shall perform the following duties:

A. Monitor, review, evaluate and ensure the compliance by the Corporation, its officers and directors with the relevant laws, provisions and requirements of the Manual, the rules and regulations and all governance issuances 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;

B. Appear, personally or through his representative, before the Commission when summoned in relation to compliance with the Manual and the SEC Code of Corporate Governance;

C. Perform such other duties and functions, as may be prescribed by the Board of Directors, consistent with and in accordance with the objectives of the Manual and as may be provided by the Commission.

3.2. BOARD OF DIRECTORS

The Corporation should be headed by a competent, working board 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 long-term best interests of its stockholders and other stakeholders.

3.2.1. COMPOSITION OF THE BOARD

The Board shall be composed of such number of directors as may be provided in the Articles of Incorporation and By-Laws, who shall have all the qualifications and none of the disqualifications set forth in the Articles of Incorporation and By-Laws, this Manual, the Corporation Code, the Securities and Regulation Code, and such other relevant laws, rules and regulations.

Unless amended, the Board shall be composed of five (5) members with at least two (2) independent directors, duly elected by the stockholders entitled to vote.[2]

An **Independent Director** refers to a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which

[2] Articles of Incorporation.

could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

3.2.2. QUALIFICATIONS OF DIRECTORS

The Directors shall have such qualifications prescribed in the Corporation Code, the Securities Regulation Code and other relevant laws, as well as any of the following additional qualifications:

A. A college education or equivalent academic degree;

B. Business experience;

C. Practical understanding of the business of the Corporation;

D. Membership in good standing in a relevant industry, business or professional organization;

E. Record of integrity and good repute; and

F. Has all of the qualifications and none of the disqualifications as provided by the SEC Code of Corporate Governance and such relevant regulations, which the Commission may prescribe from time to time.

3.2.3. DISQUALIFICATIONS OF DIRECTORS

3.2.3.1. Permanent Disqualification

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

A. 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, quasi-bank, trust Corporation, investment house or as an affiliated person of any of them.

B. 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 Corporation, investment house, or investment Corporation; (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.

C. The disqualification shall also apply if (a) 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 (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) 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.

D. Any person convicted by final judgment or order by a court of competent jurisdiction 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 or transgression.

E. Any person who has been adjudged by final judgment or order of the Commission, BSP, or a court or other 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.

F. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation.

G. Any person judicially declared as insolvent.

H. 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 listed in the foregoing paragraphs.

I. Any person who, within five (5) years prior to election or appointment as a director, is (a) convicted by final judgment (1) of an offense punishable by imprisonment exceeding six (6) years; (2) for violation of the Corporation Code; and (3) for violating the Securities Regulation Code; (b) found administratively liable for any offense involving fraudulent acts; and (c) by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b).

J. Other reasonable grounds as the Commission may provide.

3.2.3.2. Temporary Disqualification

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

A. 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.

B. Absence in more than fifty percent (50%) 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.

C. Dismissal or termination for cause as director of any corporation covered by the Manual. 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.

D. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director shall be lifted if the limit is later complied with.

E. 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.

3.2.4. POLICY ON BOARD DIVERSITY

The Board shall as much as possible fulfill independence and diversity, and appropriate representation of women in the Board, subject to the possession of the knowledge, abilities and experience determined by the Board as necessary for the Board to properly perform its functions. Diversity is not limited to gender diversity but includes diversity in age, ethnicity, culture, skills, competence, business experience and knowledge.

3.2.5. GENERAL RESPONSIBILITY

It shall be the Board's responsibility to foster the long-term success of the Corporation, to sustain its competitiveness, profitability and fiduciary responsibility, and to act on a fully-informed basis, in good faith, with due diligence and care and in a manner consistent with its corporate objectives and the long-term best interests of its stockholders and other stakeholders.

The Board should 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.

The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the SEC Code

of Corporate Governance. The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Corporation's annual report.

3.2.6. DUTIES AND FUNCTIONS OF THE BOARD

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

A. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies and to appoint competent, professional, honest and highly-motivated management officers.

B. Adopt an effective succession planning program for the directors, key officers and management to ensure growth and a continued increase in the shareholders' value.

C. 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 and operating budgets and monitor and assess the Management's overall performance.

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

E. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation.

F. Identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.

H. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness.

I. 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.

J. 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.

K. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

L. Establish and maintain an alternative dispute resolution system in the Corporation and oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing and amicably settling potential conflicts of interests or differences between and among the Corporation, Management, board members, stockholders, and third parties, including the regulatory authorities.

M. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

N. Keep the activities and decisions of the Board within its authority under the Corporation's Articles of Incorporation and By-laws, and in accordance with existing laws, rules and regulations.

O. Appoint the Compliance Officer referred to in Section 3.1 hereof.

3.2.7. NORMS OF CONDUCT

A director's office is one of trust and confidence. A director should act in the best interest of the Corporation 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 should observe the following norms of conduct:

A. 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 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 director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

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

A director should devote sufficient time to familiarize himself with the 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, committee and

shareholders' meetings, in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and, if called for, ask the necessary questions or seek clarifications or explanations.

C. 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.

D. Exercise an objective and independent judgment on all corporate affairs.

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.

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

F. 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.

3.2.8. INTERNAL CONTROL RESPONSIBILITIES OF THE BOARD

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

The Board shall adopt internal control mechanisms for the performance of its oversight responsibility.

3.2.9. BOARD MEETINGS AND QUORUM REQUIREMENT

The members of the Board, including Independent Directors, should attend all its regular and special meetings in person or through teleconferencing if applicable, conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so. The absence of Independent Directors, however, 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.

To monitor the directors' compliance with their duty to attend Board meetings, the Corporation shall 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. This certification may be submitted through SEC Form 17-C or in a separate filing.

3.2.10. REMUNERATION OF DIRECTORS AND OFFICERS

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

The Corporation may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the Corporation. No director should participate in deciding on his remuneration.

The Corporation's annual reports and information and proxy statements shall include 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, in accordance with the provisions of the Securities Regulation Code.

To protect the funds of a corporation, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

3.2.11. BOARD COMMITTEES

The Board shall constitute board committees, as it may deem necessary, that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

3.2.11.1. Audit Committee

The Audit Committee shall be composed of at least three (3) directors who shall preferably have accounting, auditing, and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee shall be an Independent Director.

The Audit Committee shall have the following functions:

A. 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;

B. 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.

C. Perform oversight functions over the Corporation's 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;

D. 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;

E. 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;

F. Organize and oversee an internal audit department, and recommend and consider, when necessary and desirable, the appointment and/or grounds for approval of an independent internal audit head or Chief Audit Executive and the terms and conditions of its engagement and removal, as well as for outsourcing internal audit services;

G. Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system including financial reporting control and information technology security;

H. Review the reports submitted by the internal and external auditors;

I. Review and approve the interim 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; and
   VI. Compliance with tax, legal and regulatory requirements.

J. Coordinate, monitor and facilitate compliance with laws, rules and regulations;

K. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fee paid to the external auditor in relation to its 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 its duties as an external auditor or may pose a threat to its independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report and Annual Corporate Governance Report;

L. When applicable, 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 Committee;

M. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties; and,

N. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

3.2.12. THE CHAIR AND CHIEF EXECUTIVE OFFICER

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

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

3.2.12.1.Chairman

The duties and responsibilities of the Chair in relation to the Board shall include the following:

A. Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

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

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

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

3.2.12.2. CHIEF EXECUTIVE OFFICER ("CEO")

The duties and responsibilities of the CEO shall include the following:

A. Determine the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;

B. Communicate and implement the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;

C. Oversee the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;

D. Has a good working knowledge of the Corporation'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 Corporation;

F. Manage the Corporation's resources prudently and ensures a proper balance of the same;

G. Provide the Board with timely information and interfaces between the Board and the employees;

H. Build the corporate culture and motivates the employees of the Corporation; and

I. Serve as the link between internal operations and external stakeholders.

3.2.12.3.Lead Independent Director

If the positions of Chair and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives. The Board should 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 shall include, among others, the following:

A. Serve as an intermediary between the Chairman and the other directors when necessary;

B. Convene and chair meetings of the non-executive directors; and

C. Contribute to the performance evaluation of the Chairman, as required.

3.2.13. MULTIPLE BOARD SEATS

A director shall notify the Board where he is an incumbent director before accepting a directorship in another company for the Corporation to be able to assess if his responsibilities and commitment to the Corporation will be affected.

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The CEO and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non -executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

3.3. THE CORPORATE SECRETARY

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

A. 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;

B. Be loyal to the mission, vision and objectives of the Corporation;

C. Work fairly and objectively with the Board, Management, stockholders and other stakeholders;

D. Have appropriate administrative and interpersonal skills;

E. If he is not at the same time the Corporation's legal counsel, he should be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities and kept abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advises the Board on all relevant issues as they arise;

F. Have a working knowledge of the operations of the Corporation;

G. 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;

H. Assists 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 chair of the Board and its committees to set agenda for those meetings;

I. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accident, prevent him from doing so;

J. Ensure that all Board procedures, rules and regulations are strictly followed by the members;

K. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer; and

L. Perform such other duties and responsibilities as may be provided by the Board and by the Commission.

3.4. ADEQUATE AND TIMELY INFORMATION SUPPORT

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be discussed in their meetings. The information may include the background or explanation on matters brought before the Board, disclosure, budgets, forecasts and internal financial documents.

The members of the Board should be given independent access to Management and the Corporate Secretary.

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

3.5. ACCOUNTABILITY AND AUDIT

3.5.1. THE BOARD AND THE MANAGEMENT

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Corporation's performance, position and prospects and developments that could adversely affect its business, through reports required by law to be submitted to the Corporation's regulators.

It is essential that Management provides all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

A. The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;

B. 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;

C. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;

D. The Corporation should consistently comply with the financial reporting requirements of the Commission;

E. The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency. When applicable, the Internal Auditor shall submit to the Audit 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 Committee. The annual reports should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

3.5.2. EXTERNAL AUDITOR

The Board, after consultations with the Audit 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. The shareholders, upon the recommendation of the Board, shall annually appoint an External Auditor in the manner prescribed in the By-Laws.

The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with its duties as an independent auditor, or does not pose a threat to its independence.

If the external auditor resigns, is dismissed or ceases to perform its 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 the external auditor and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.

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

3.5.3. INTERNAL AUDITOR

The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or an Internal Auditor Group or a similar office, through which its Board, Management, and the shareholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

The Internal Auditor shall functionally report directly to the Audit Committee.

3.5.3.1. Scope

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors:

A. the nature and complexity of business and the business culture;

B. the volume, size and complexity of transactions;

C. the degree of risks involved;

D. the degree of centralization and delegation of authority;

E. the extent and effectiveness of information technology; and,

F. the extent of regulatory compliance.

3.5.3.2. Functions

The following are the functions of the internal audit, among others:

A. Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;

B. Perform regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;

C. Perform consulting and advisory services related to governance and control as appropriate for the organization;

D. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;

E. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Corporation;

F. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;

G. Evaluate specific operations at the request of the Board or Management, as appropriate; and

H. Monitor and evaluate governance processes.

4. PROMOTION AND PROTECTION OF STOCKHOLDERS' RIGHTS

4.1. RIGHTS OF STOCKHOLDERS

The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

I. Right to vote on all matters that require their consent or approval;

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

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

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

d. Shareholders are encouraged to participate when given sufficient information prior to voting on fundamental corporate changes such as:

   i. amendments to the Articles of Incorporation and By-Laws of the Corporation;

   ii. the authorization on the increase in authorized capital stock; and;

   iii. extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Corporation. In addition, the disclosure and clear explanation of the voting procedures, as well as removal of excessive or unnecessary costs and other administrative impediments, allow for the effective exercise of the shareholders' voting rights.

e. Poll voting, as opposed to the show of hands, and proxy voting are good practices, including the electronic distribution of proxy materials.

II. Pre-emptive right to all stock issuances of the Corporation - All shareholders shall have pre-emptive rights to subscribe to the capital stock in accordance with the Corporation's Articles of Incorporation, unless the same is denied in the Articles of Incorporation or an amendment thereto.

III. Right to inspect corporate books and records - All shareholders shall be allowed to inspect corporate books and records in accordance with the Corporation Code and shall be furnished with a copy of annual reports, including financial statements, without cost or restrictions.

IV. Right to information

a. The shareholders shall be provided, upon request, with a copy of periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.

b. The minority shareholders may propose the holding of a meeting, or propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

c. The minority shareholders shall, in accordance with the Corporation Code, have access to information relating to matters for which the Management is accountable.

V. Right to dividends

a. Shareholders shall have the right to receive dividends subject to the law and discretion of the Board and in accordance with the provisions of the By-Laws.

b. The Corporation shall declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except:

i. when justified by definite corporate expansion projects or programs approved by the Board;

ii. 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; and,

iii. 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.

VI. Appraisal right - 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 80 of the Corporation Code, under any of the following circumstances:

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

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

c. In case of merger or consolidation; and

d. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

VII. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholdings' Meeting

a. The right to propose the holding of meetings and items for inclusion in the agenda is given to all shareholders, including minority and foreign shareholders. However, to prevent the abuse of this right, the Corporation

may require that the proposal be made by shareholders holding a specified percentage of shares or voting rights.

b. To ensure that minority shareholders are not effectively prevented from exercising this right, the degree of ownership concentration is considered in determining the threshold.

VIII. Right to nominate candidates to the Board of Directors

a. All shareholders are given the opportunity to nominate candidates to the Board of Directors in accordance with the existing laws.

b. The Corporation is encouraged to fully and promptly disclose all information regarding the experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates' qualification and credibility.

4.2. STOCKHOLDERS' MEETINGS

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

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.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration and approval.

Although all stockholders should be treated equally or without discrimination, the Board should 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.

5. DISCLOSURE AND TRANSPARENCY

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

It is therefore essential that all material information about the Corporation which could be adversely affect its viability or the interests of the 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, 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 submissions to the Commission for the interest of its stockholders and other stakeholders.

6. EMPLOYEE'S PARTICIPATION

A mechanism for employee participation shall be developed to create a symbiotic environment, realize the Corporation's goals and participate in its corporate governance processes. The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance.

The establishment of policies and programs covering, among others, the following: (1) health, safety and welfare; (2) training and development; and (3) reward/compensation for employees, encourages employees to perform better and motivates them to take a more dynamic role in the corporation.

The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the Corporation's culture.

The Board should establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

7. SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Corporation shall be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

The Corporation shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows to grow its business while contributing to the advancement of the society where it operates.

8. GOVERNANCE SELF-RATING

The Board may create an internal self-rating system that can determine and measure the performance of the Board and Management in accordance with the criteria provided for in this Manual.

The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Corporation's annual report.

9. REVIEW, ADOPTION AND EFFECTIVITY

This Manual is subject to review and amendment to take into account the Corporation's changing needs, factual conditions prevailing in the environment and regulatory requirements.

(Signature page follows.)

Adopted by unanimous vote of the Board of Directors on 24 September 2025.

ARTURO P. BONCATO, JR.
Chairman of the Board

BERNADETTE V. QUIROZ
Corporate Secretary