



September 14, 2015

Markets and Securities Regulation Department
Securities and Exchange Commission
SEC Building, EDSA
Greenhills, Mandaluyong City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director

Cc: Corporate Governance and Finance Department

Re: DMCI Project Developers, Inc.
Registration Statement filed in respect of
₱1,000,000,000 Fixed Rate Bonds

Gentlemen:

We refer to your letter dated September 9, 2015 (the "SEC Letter") in relation to the Registration Statement filed by our client, DMCI Project Developers, Inc. (the "Company") for the proposed registration and offering to the public of fixed rate bonds with an aggregate principal amount of up to ₱1,000,000,000. The SEC Letter required the Company to submit within ten (10) days from receipt of the said letter an Amended Manual on Corporate Governance ("Amended Manual") "providing a policy on the remuneration of directors and officers to enhance compliance with the disclosure requirement of all fixed and variable compensation that are paid, directly or indirectly, to all its directors and top four (4) management officers during the preceding fiscal year."

In compliance therewith, we hereby submit on behalf of our client, a copy of the Company's Amended Manual, Section 3.2.6 (p. 9) of which was modified by the Board of Directors on September 10, 2015 to read as follows:

Section 3.2.6 Remuneration of Directors and Officers

The levels of remuneration of the Company 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.

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The Company's annual reports and any information and proxy statements as may be required of the Company under applicable laws and regulations shall contain a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top (4) management officers, in the aggregate, during the preceding fiscal year.

We hope that the enclosed Amended Manual already fully complies with the requirements of the Revised Code of Corporate Governance.

Thank you very much.

Very truly yours,

CASTILLO LAMAN TAN PANTALEON & SAN JOSE

By:


Yolanda M. Eleazar


Remy Rose Alegre



**Amended Manual on
Corporate Governance**
September 2015

The Board of Directors and Management of DMCI Project Developers, Inc. hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same shall serve as a guide in the attainment of their corporate goals.

1. OBJECTIVE

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

The Board of Directors and Management believe that corporate governance is one of the necessary components of what constitute sound business management. In this regard, Management shall undertake the necessary effort to create corporate governance awareness within the organization as soon as possible.

2. DEFINITION OF TERMS

For the purpose of this Manual, words importing the singular also include the plural and the masculine includes the feminine and the neuter and vice versa where the context requires. The technical terms used in this Manual shall have the respective meanings as set forth below:

Board or Board of Directors –the governing body elected by the stockholders that exercises the corporate powers of the Company, conducts all its business and controls its properties

Chairman – refers to the person duly elected by the members of the Board of Directors to preside over Board meetings and other duties and responsibilities listed under the Company's By-laws.

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

Company- refers to DMCI Project Developers, Inc.

Code – refers to the Revised Code of Corporate Governance issued by the SEC and as may be amended by the SEC from time to time.

Director – refers to a person duly elected by stockholders in the Board.

Executive Director – a director who is also the head of a department or unit of the Company or performs any work related to its operation.

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

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

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

Internal Control System – the framework under which internal controls are developed and implemented to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Company is exposed.

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

Internal Audit Department – refers to an organic unit of the Company that provides independent, objective assurance and consulting services designed to review the implementation of the Internal Control.

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

Non-executive Director – a director who is not the head of a department or unit of the Company nor performs any work related to its operation.

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

Manual – refers to this Manual on Corporate Governance.

SEC – refers to the Securities and Exchange Commission.

3. BOARD GOVERNANCE

The Board of Directors is primarily responsible for the governance of the Company. 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

The Company's Board shall be composed of nine (9) directors, two (2) of which are independent directors, who are elected by the stockholders.

The membership of the Board may be a combination of executive and non-executive directors (which include the 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.

3.1.1 Chairman and CEO

The roles of the Chairman and the Chief Executive Officer ("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 the functions between the Chairman and the CEO shall be made upon their election.

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

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

- (i) Ensure that the meetings of the Board are held in accordance with the Company's By-laws or as the Chair may deem necessary;
- (ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
- (iii) Maintain qualitative and timely lines of communication and information between the Board and Management.

3.2 Board of Directors

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

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

3.2.1 General Responsibility of a Director

It is the Board's responsibility to foster the long term success of the Company, 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 should formulate the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

3.2.2 Specific Duties and Functions of the Board

To ensure a high standard of best practice for the Company, its stockholders and 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. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management.
- b) Provide sound strategic policies and guidelines to the Company 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.
- c) Ensure the Company's faithful compliance with all applicable laws, regulations and best business practices.
- d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company. If feasible, the Company's CEO or chief financial officer shall exercise oversight responsibility over this program.
- e) Identify the Company's stakeholders in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- f) 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 Company's internal control system in order to maintain its adequacy and effectiveness.
- g) Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability.
- h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company 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.

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

j) Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.

k) 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.

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

m) 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.

3.2.3 Duties and Responsibilities of a Director

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

A Director should observe the following norms of conduct:

- Conduct fair business transactions for the Company and ensure that his personal interest does not conflict with the interests of the Company;
- Devote time and attention necessary to properly and effectively perform his duties and responsibilities;
- Act judiciously;
- Exercise independent judgment;
- Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC, and where applicable, the requirements of relevant regulatory agencies.
- Observe confidentiality;
- Ensure the continuing soundness, effectiveness and adequacy of the Company's internal control system.

3.2.4 Qualifications of Directors

- Holder of at least one (1) share of stock of the Company;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least thirty (30) years old;
- He shall have worked or in business for at least six (6) years and held a position not less than managerial level;
- He shall have proven to possess integrity and probity; and
- He shall be assiduous.

Disqualifications

As provided in the Code, the following shall be grounds for permanent disqualification of a director:

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

(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC 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 SEC 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 SEC or *Bangko Sentral ng Pilipinas* ("BSP"),

or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

(iv) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order;

(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same Company;

(vi) Any person judicially declared as insolvent;

(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;

(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

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

- 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;
- 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;

- Dismissal or termination for cause as director of any corporation covered by the Code. This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- 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.

3.2.5 Board Meetings and Quorum Requirement

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the SEC.

Independent directors should 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.

3.2.6 Remuneration of Directors and Officers

The levels of remuneration of the Company 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 Company's annual reports and any information and proxy statements as may be required of the Company under applicable laws and regulations shall contain a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top (4) management officers, in the aggregate, during the preceding fiscal year. *(Amended as of September 10, 2015)*

4. BOARD COMMITTEES

The Board shall constitute the proper committees to assist it in good corporate governance.

4.1 Nomination and Election Committee

The Nomination Committee shall have at least three (3) Directors.

It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications set forth in Section 3.2.4 of this Manual.

- 4.1.1 In consultation with the Board, review and re-define, as appropriate, the role, duties and responsibilities of the CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
- 4.1.2 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 with diligence shall not be compromised.
- 4.1.3 The Nomination Committee shall consider the following guidelines in determining the number of directorships for the members of the Board:
 - The nature of the business of the Company;
 - Age of the director;
 - Number of directorships/active memberships and officerships in other corporations or organizations; and
 - Possible conflict of interest.

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

4.2 Compensation and Remuneration Committee

The Compensation or Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.

4.2.1 Duties and Responsibilities

- 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 ensuring that compensation is consistent with the Company's culture, strategy and control environment.
- Designate 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.
- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.

- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
- Disallow any director to decide his or her own remuneration.
- Provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and ensuing year.
- Review of the existing administration or personnel to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives, and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

4.3 Audit Committee

The Audit Committee shall be composed of at least three (3) members of the Board. Each member shall have adequate understanding at least or competence at most of the Company's financial management systems and environment.

4.3.1 Functions of the Audit Committee

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 Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- c) Perform oversight functions over the Company'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 Company. 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 an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g) Monitor and evaluate the adequacy and effectiveness of the Company'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 the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - 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 fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit 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, should be disclosed in the Company's annual report;
- l) 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.

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.

5. THE CORPORATE SECRETARY

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

- (l) 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 Company;

- (ii) Be loyal to the mission, vision and objectives of the Company;
- (iii) Work fairly and objectively with the Board, Management, stockholders and other stakeholders;
- (iv) Have appropriate administrative and interpersonal skills;
- (v) If he is not at the same time the Company's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (vi) Have a working knowledge of the operations of the Company;
- (vii) Inform the members of the Board, in accordance with the Company's 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;
- (viii) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- (ix) Ensure that all Board procedures, rules and regulations are strictly followed by its members; and
- (x) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the Code.

6. COMPLIANCE OFFICER

The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. He shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman.

He shall perform the following duties:

- (i) Monitor compliance by the Company with the Code, 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;
- (ii) Identify and monitor compliance with the rules and regulations of regulatory agencies, and take appropriate corrective measures to address all regulatory issues and concerns;
- (iii) Appear before the SEC when summoned in relation to compliance with the Code;
- (iv) Issue a certification every January 30th of the year on the extent of the Company's compliance with the Code for the completed year and, if there are any deviations, explain the reason for such deviation; and

- (v) Prepare and submit to the SEC all reports or disclosures required under the Code;

7. ADEQUATE AND TIMELY INFORMATION

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 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 should 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, should have access to independent professional advice at the Company's expense.

8. ACCOUNTABILITY AND AUDIT

- A. The Board is primarily accountable to the stockholders. It should provide a balanced and comprehensible assessment of the Company'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.

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:

- (i) The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all stockholders and other stakeholders;
- (iii) 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 Company'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;

- (iv) The Company should consistently comply with the financial reporting requirements of the SEC;
 - (v) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company, should be changed with the same frequency. The internal auditor should 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 report 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.
- B. The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Company. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Company's annual and current reports. The report shall include a discussion of any disagreement between him and the Company on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Company failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Company 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 SEC 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.

C. External Auditor

- i. An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Company. An external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.
- ii. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

- iii. The external auditor of the Company shall not at the same time provide the services of an internal auditor. The Company shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
- iv. The external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.
- v. If an external auditor believes that the statements made in the Company's annual reports, information statement or proxy statement filed during engagement is incorrect or incomplete, he shall qualify his views in said reports.

Under the supervision of the Audit Committee, the internal auditor should formulate the rules and procedures on financial reporting and internal control.

D. Internal Auditor

- i. The Company shall have in place an independent internal audit function which shall be performed by an internal auditor or a group of internal auditors, through which its Board, senior management and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls remain effective and appropriate, and are complied with.
- ii. The internal auditor shall report to the Audit Committee.
- iii. The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Company's organizational and procedural controls.
- iv. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

9. COMMUNICATION PROCESS

- 9.1 This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.
- 9.2 All directors and the Management are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- 9.3 An adequate number of printed copies of this Manual must be reproduced with a minimum of at least one (1) hard copy of the Manual per department of the Company.

10. TRAINING PROCESS

- 10.1 If necessary, funds shall be allocated by the Treasurer or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

11 STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST

- A. 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
 - (ii) Pre-emptive right to all stock issuances of the Company
 - (iii) Right to inspect corporate books and records
 - (iv) Right to information
 - (v) Right to dividends
 - (vi) Appraisal right
- B. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. 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 Company's 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 stockholder's 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 or 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 Company.

12. DISCLOSURE AND TRANSPARENCY

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

It is therefore essential that all material information about the Company 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.

13. COMMITMENT TO GOOD CORPORATE GOVERNANCE

As part of the Company's commitment to corporate governance, it shall establish and implement its corporate governance rules in accordance with the Code. This Manual shall be submitted to the SEC to enable the SEC to determine the Company's compliance with the Code, taking into consideration the nature, size and scope of business of the Company.

This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.

14. MONITORING AND ASSESSMENT

- Each Committee shall report regularly to the Board.
- The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible director, officer or employee to the penalty provided under Part 15 of this Manual.
- The establishment of such evaluation system, including the features thereof, shall be disclosed in such form of report that is applicable to the Company. The adoption of such performance evaluation system must be covered by a Board approval.
- This Manual shall be subject to quarterly review unless the Board amends the same earlier.
- All business processes and practices being performed within any department or business unit of Company that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

15. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:
- In case of **first violation**, the subject person shall be reprimanded.
- Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation.
- For **third violation**, the maximum penalty of removal from office shall be imposed.

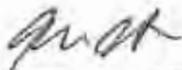
- The commission of a third violation of this Manual by any member of the Board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.
- The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman the imposable penalty for such violation, for further review and approval of the Board.

Signed:



NOEL A. LAMAN

Corporate Secretary / Compliance Officer



ALFREDO R. AUSTRIA

President



September 10, 2015