



DAGUPAN ELECTRIC CORPORATION

Manual of Good Corporate Governance (2023)

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MANUAL OF GOOD CORPORATE GOVERNANCE

The Board of Directors, officers, executives, and employees of DAGUPAN ELECTRIC CORPORATION (or the "Corporation") hereby commit themselves to the fundamental principles of sound corporate governance provided in this Manual of Good Corporate Governance (Manual), and acknowledge that the same are necessary of sound strategic business management that will enhance the value of the Corporation to all its stakeholders. This Manual is adopted pursuant to Securities and Exchange Commission (SEC) Memorandum Circular No. 24, Series of 2019, "Code of Corporate Governance for Public Companies and Registered Issuers", hereinafter "the Code".

DECLARATION OF CORPORATE PRINCIPLES

The Corporation recognizes that its role as a vital link in the energy supply chain brings with it significant responsibilities to our customers, employees, shareholders, communities, and regulatory bodies. We are steadfastly committed to upholding the highest standards of corporate governance to ensure the trust, integrity, and sustainability of our operations.

We understand that the pursuit of good corporate governance is a continuous journey. We are dedicated to continually improving our governance practices by staying updated with industry trends, seeking opportunities for innovation, and adapting our policies and procedures to emerging challenges.

By adhering to these principles and embedding them into our corporate culture, we reaffirm our commitment to good corporate governance. We are dedicated to fostering a company that not only delivers reliable electricity but also operates with the highest levels of integrity, responsibility, and transparency.

DEFINITION OF TERMS

In this Manual, the following terms shall have the following definitions:

- a) **“Board of Directors”** - the governing body elected by the shareholders/members that exercises the corporate powers of a corporation, conducts all its business and controls its properties.
- b) **“Corporate Governance”** - the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their shareholders/members and other stakeholders.

Corporate governance is a system of direction, feedback and control using regulations performance standards and ethical guidelines to hold the board of directors and Senior Management accountable for ensuring ethical behavior and reconciling long-term customer satisfaction with shareholder/member value to the benefit of all stakeholders and society.

Its purpose is to maximize the organization’s long-term success, thereby creating sustainable value for its shareholders/members, other stakeholders and the nation.

- c) **“Enterprise Risk Management”** – a process, effected by an entity’s Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of any entity objectives.
- d) **“Executive director”** - a director who has executive responsibility of day-to-day operations of a part or the whole of the corporation;
- e) **“Independent Director”** - a person who is independent of Management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
- f) **“Internal Control”** - a process designed and effected by the entity’s 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 of corporate information; and compliance with applicable laws, regulations, and the organization’s policies and procedures.

- g) **“Management”** - 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 corporation;
- h) **“Non-Executive Director”** – a director who has no executive responsibility and does not perform any work related to the day-to-day operations of the corporation.
- i) **“Public Corporation”** – a company with assets of at least Fifty Million Pesos (P 50,000,000.00) and having two hundred (200) or more shareholders holding at least one hundred (100) shares each of equity securities;
- j) **“Registered Issuer”** – a Corporation that: (1) issues proprietary and/ or non-proprietary shares/certificates; (2) issues equity securities to the public that are not listed in an Exchange; or (3) issues debt securities to the public that are required to be registered with the SEC, whether or not listed in an Exchange.
- k) **“Related Parties”** – covers the covered entity’s directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, and other persons if these persons have control, joint control or significant influence over the covered entity. It also covers the covered entity’s parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
- l) **“Related Party Transactions”** – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
- m) **“Significant Influence”** – the power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies
- n) **“Stakeholder”** – any individual, organization or society at large who can either affect and/or be affected by the Corporation’s strategies, policies, business decisions and operations, in general. This includes, among others, non-proprietary certificate holders, customers, creditors, employees, suppliers, investors, as well as the government and the community in which the Corporation operates.

THE CORPORATE GOVERNANCE FRAMEWORK

ARTICLE I

THE BOARD'S GOVERNANCE RESPONSIBILITIES

Section 1 The Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors. The Board is primarily responsible for the governance of the Company. In addition to setting the policies for achieving the corporate objectives, it must also act as an independent oversight of the management.

The Board shall consist of seven (7) directors or such number as may be required in the Articles of Incorporation and By-Laws of the Company who shall be elected by the shareholders at any regular or special meeting called for that purpose.

The Board shall be composed of a majority of non-executive directors and at least two (2) or an optimal number of independent directors in the Board to ensure proper checks and balance including prevention of conflicts of interest, the exercise of independent judgment on corporate affairs, proper oversight of managerial performance and balancing of competing demands of the Corporation

The Board shall establish a policy on board diversity. To avoid groupthink and ensure that optimal decision making is achieved, said policy must endeavor to achieve a board composition that is diverse in gender, skills, competence, knowledge, experience and expertise

Section 2 Independent Director

- 2.1 An Independent Director is an essential component in ensuring full compliance with the principles of corporate governance in the Board. There shall be at least two (2) independent directors elected to the Board, or such number as to constitute at least 20% of the members of the Board, whichever is higher.
- 2.2 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 (1) Independent Director in all meetings.
- 2.3 An Independent Director shall have the qualifications and none of the disqualifications as embodied in relevant SEC regulations and in the by-laws of

the Company. In addition, an Independent Director shall also meet the following qualifications:

- 2.3.1 Should not be related within the second degree of consanguinity or affinity with significant stockholders and any member of the Company's management.
- 2.3.2 Should not have served the Company as an officer or a significant service provider, unless two years have lapsed since the termination of the said service.

Section 3 Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Corporation.

Section 4 Duties and Responsibilities of the Board

4.1 General Responsibility

- 4.1.1 The Board of Directors is primarily responsible to promote the long-term viability of the Company and ensure its continuous expansion and competitive edge in an environment consistent with its fiduciary obligation, which it shall exercise in the best interest of the Company, its stockholders and other stakeholders.
- 4.1.2 The Board is responsible for developing the Company's strategic direction, policies, and procedures that will direct its activities, including the means to effectively evaluate Management's performance.
- 4.1.3 The Board shall create specific Board Committees as may be necessitated by the complexity of the operations of the Corporation.

4.2 Specific Duties and Functions

To ensure a high standard of best practice for the Company, 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:

- 4.2.1 Develop and approve the Company's strategic plans and objectives, which may include reviewing and updating corporate mission and vision, when necessary.
- 4.2.2 Review and approve annual budgets and financial statements, including the monitoring of financial performance.
- 4.2.3 Determine dividend policies and capital allocation and ensure financial stability.

- 4.2.4 Identify and assess strategic, operational, financial, and compliance risks and develop risk mitigation strategies and policies.
- 4.2.5 Establish governance policies and procedures, including the composition and functioning of board committees.
- 4.2.6 Ensure compliance with relevant laws, regulations, and ethical standards and oversee the Company's compliance program.
- 4.2.7 Consider the interests of various stakeholders and promote corporate social responsibility and sustainable business practices.
- 4.2.8 Identify and manage conflicts of interest with proper disclosure and recusal.
- 4.2.9 Oversee the work of the audit committee and approve the appointment of external auditors.
- 4.2.10 Ensure the timely and accurate reporting of financial and non-financial information to shareholders and regulatory authorities.
- 4.2.11 Establish and oversee the functioning of various board committees.
- 4.2.12 Conduct periodic evaluations of the Board's performance and effectiveness.
- 4.2.13 Respond and manage crises that may affect the Company's reputation or operations.
- 4.3** The position of Chairman of the Board and CEO or President should as much be practicable be held by separate individuals and each should have clearly defined responsibilities.
- 4.4** All directors shall undergo relevant and continuing training for a duration equal to or longer than what is required by law and regulations. First time directors shall undergo an orientation program covering SEC mandated topics on corporate governance and an introduction to the Corporation's business, Articles of Incorporation, and Code of Conduct. It should be able to meet the specific needs of the Corporation and the individual directors and aid any new director in effectively performing his or her functions.

The annual continuing training program, on the other hand, makes certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Corporation.

4.5 Board Assessment

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

Corporate Governance Committee shall oversee the assessment/evaluation process.

Every three (3) years, as far as practicable, the assessment may be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization appointed by the Board.

The Board assessment system shall provide a criteria and process to determine the performance of the Board, individual directors and committees. The system shall allow for a feedback mechanism from shareholders.

Section 5 Specific 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 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:

- 5.1 Exercise their powers and perform their duties in a manner that promotes the best interests of the company and its shareholders.
- 5.2 Act in good faith and with utmost loyalty to the Company.
- 5.3 Exercise due diligence and care in their decision-making and make informed decisions based on a reasonable level of understanding of the Company's operations, industry, and relevant issues.
- 5.4 Avoid conflicts of interest that could compromise their ability to act in the best interests of the Company and disclose any conflict, as it arises.
- 5.5 Provide full and accurate disclosure of any personal interest in transactions involving the Company, including related-party transactions and potential conflicts.
- 5.6 Ensure that the Company's financial statements and reports accurately represent its financial position and performance to promote transparency and accurate reporting.
- 5.7 Ensure that the Company complies with all applicable laws, regulations, and corporate governance guidelines and be aware of legal requirements and take steps to address any violations.
- 5.8 Play a key role in setting the Company's strategic direction and overseeing its operations to ensure that the Company's strategies align with its long-term goals and values.

- 5.9 Oversee risk management practices and ensuring that the Company identifies, assesses, and manages risks that could impact its operations, finances, and reputation.
- 5.10 Promote ethical conduct and integrity throughout the Company and set an example for ethical behavior and ensure that the Company's culture reflects these values.
- 5.11 Serve on various board committees and actively participate in committee activities and fulfill their responsibilities.
- 5.12 Engage with stakeholders, including employees, customers, communities, and regulators, to understand their perspectives and concerns.
- 5.13 Participate in regular performance evaluations of the board, its committees, and individual directors to ensure continuous improvement.

Section 6 Qualifications of a Director

- 6.1 Every director shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name and in the books of the Company.
- 6.2 Independent directors should have no material relationship with the company that could interfere with their independence. They should not be connected to the company, its affiliates, subsidiaries, related companies, or substantial shareholders.
- 6.3 Directors should possess skills, expertise, and experience relevant to the industry and business of the company with relevant educational backgrounds such as degrees or certifications in business, finance, engineering, law, or related fields.
- 6.4 Directors should have a reputation for integrity, honesty, and ethical conduct in their professional and personal lives. They should not have been convicted of any crime involving moral turpitude.
- 6.5 Directors should have relevant professional experience, including leadership roles, that demonstrate their ability to contribute to effective governance and decision-making.

Section 7 Disqualification of a Director

- 7.1 Permanent disqualification

- 7.1.1 A director who has been convicted of certain crimes in a final and executory judgment, decree, or order issued by a judicial or administrative body having competent jurisdiction, particularly those involving moral turpitude, may be permanently disqualified from serving in directorial or officer roles. These crimes can include fraud, embezzlement, bribery, estafa, counterfeiting, misappropriation, forgery, and other fraudulent acts that reflect adversely on the individual's integrity.
- 7.1.2 Individuals who have violated securities laws, including insider trading, market manipulation, or other forms of securities fraud, could face permanent disqualification from serving as directors or officers in companies regulated by the SEC. This includes a person, who by reason of misconduct after hearing, is permanently enjoined by a final judgment from acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor.
- 7.1.3 Non-compliance with corporate governance regulations, including the Code of Corporate Governance for Publicly Listed Companies, can lead to permanent disqualification if the violations are significant and reflect a disregard for responsible governance practices.
- 7.1.4 This disqualification shall also apply if such person is currently 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 relevant codes or has otherwise been restrained to engage in any activity involving securities and banking or is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation, or association with a member or participant of the said organization.
- 7.1.5 Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.
- 7.1.6 Any person judicially declared as insolvent.
- 7.2 Temporary disqualification
 - 7.2.1 Director's refusal to fully disclose the extent of his business interest as required by existing laws which shall be in effect as long as the refusal persists.

- 7.2.3 Absence in a number of all regular and special meetings of the Board as to be determined, unless the absence is due to illness, death in the immediate family, or serious accident. This disqualification shall apply for purposes of the succeeding election.
- 7.2.4 Directors who are subject to ongoing legal proceedings, investigations, or charges related to financial misconduct, violations of securities laws, or other serious offenses may be temporarily disqualified from their positions until the resolution of the legal matters.
- 7.2.5 If a company or director fails to comply with specific regulatory requirements, such as timely submission of financial reports or disclosures, the SEC may impose temporary disqualifications as a disciplinary measure.
- 7.2.6 In cases where a director engages in ongoing non-compliance, misconduct, or breaches of regulatory requirements, the SEC may temporarily disqualify them to address the violations and ensure corrective actions are taken.

Section 8 Compensation of Directors

The compensation structure typically includes several components that must align with the Company's performance, industry benchmarks, and regulatory compliances.

The Compensation and Remuneration Committee is responsible for establishing clear guidelines and principles for compensating members of the Board to attract and retain qualified Directors and ensure transparency and fairness in compensation practices.

Each director shall receive a reasonable per diem for his attendance at every meeting of the Board. Subject to the approval of the shareholders owning at least a majority of the outstanding capital stock, directors may be granted such compensation (other than per diems) provided however, that the total yearly compensation of directors shall not exceed ten percent (10 %) of the net income before income tax of the Company during the preceding year.

The compensation of directors must be disclosed in the Company's annual report, including the details of each director's compensation. Such compensation policy will be regularly reviewed and updated to remain competitive, aligned with industry practices, and compliant with relevant industry laws and regulations.

Section 9 The Chairperson

- 9.1 Ensure that the meetings of the Board are held in accordance with the By-laws or as he may deem necessary.
- 9.2 Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, Management and the directors.
- 9.3 Maintain qualitative and timely lines of communication and information between the Board and Management.
- 9.4 Listen to and address satisfactorily any government-related issues that non-executive Independent Director may raise.
- 9.5 Ensure that the Board exercises strong oversight over the Company and its Management such that the prospect of any corporate scandals is minimized if not totally eliminated.

Section 10 The Corporate Secretary

The Corporate Secretary, who should be a Filipino Citizen and a resident of the Philippines, is an officer of the Corporation. He must be a separate individual from the Compliance Officer and should not be a member of the Board of Directors

10.1 Duties and Responsibilities

- 10.1.1 Organize and facilitate board meetings, ensuring proper notice and agenda distribution, and record the minutes of the meetings.
- 10.1.2 Ensure the Company complies with all legal and regulatory requirements.
- 10.1.3 Maintain and update corporate records, including the articles of incorporation, bylaws, and stockholders' records.
- 10.1.4 Serve as a liaison between the Company and its shareholders, responding to inquiries, facilitating voting processes, and maintaining the stock and transfer of books.
- 10.1.5 Assist in the preparation and submission of required reports and disclosures to regulatory bodies.
- 10.1.6 Advise the board on corporate governance practices, ethical considerations and ensure proper disclosure.

Section 11 Compliance Officer

The Compliance Officer plays a pivotal role in ensuring that the Company adheres to all applicable laws and regulations, and that it operates within its boundaries while upholding the highest ethical standards. Duties and responsibilities are as follows:

- 11.1 Design, implement, and oversee the Company's compliance programs and policies to ensure adherence to all relevant laws and regulations.
- 11.2 Conduct regular risk assessments to identify potential compliance risks and develop strategies to mitigate them.
- 11.3 Stay updated on changes in laws, regulations, and industry standards that could impact the Company's operations.
- 11.4 Prepare and present compliance reports to the Board and report on compliance issues, investigations, and corrective actions taken.
- 11.5 Conduct or oversee internal investigations into alleged compliance violations, including fraud, misconduct, or breaches of policies and procedures.
- 11.6 Coordinate with external auditors and regulatory authorities during compliance audits and inspections.
- 11.7 Oversee and promote the Company's code of conduct and ethics policies.
- 11.8 Foster a culture of compliance within the Company and promote ethical behavior and accountability at all levels.

Section 12 Strengthening the Internal Control System and Enterprise Risk Management

- 12.1 The Company should have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business.

Internal Control System

- 12.2 The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of directors, management, and stockholders.

Internal Audit

- 12.3 The Company shall have in place an Independent Internal Audit (IA) function that provides an independent and objective assurance, and consulting services designed to add value and improve the Company's operations.
- 12.4 The IA shall provide the Board, Management, and the stockholders with reasonable assurance that the Company's key organizational and operational controls are effective, appropriate, and faithfully complied with. It shall review, audit and report on, among others, the effectiveness of the system of organizational controls, taking into account the nature and complexity of the business and the business culture, the degree of risk, the degree of centralization and delegation of authority, the extent and effectiveness of information technology, and the extent of regulatory compliance. It shall perform its auditing functions faithfully by maintaining independence from the management and controlling stockholders.
- 12.5 A separate IA function is essential to monitor and guide the implementation of the Company's policies. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the Company's governance, risk management and control functions.

The External Auditor

- 12.6 The Audit Committee shall have a process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the stockholders.
- 12.7 The Audit Committee shall assess the integrity and independence of external auditors and exercise effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Audit Committee shall also review and monitor the external auditor's suitability and effectiveness on an annual basis.
- 12.8 The Company shall disclose the nature of the non-audit services performed by its external auditor to deal with the potential conflict of interest. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.
- 12.9 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.

- 12.10 If an external auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during this engagement is incorrect or incomplete, he shall present his views in said reports.

Risk Management Framework

Risk Management System

- 12.11 The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies

Chief Risk Officer

- 12.12 In managing the Company's Risk Management System, the Company shall have a Chief Risk Officer, who shall provide support to the Board Risk Oversight Committee.

- 12.13 The Board shall be responsible for approving the selection and assessing the performance of the Chief Risk Officer

- 12.14 The Chief Risk Officer has the following functions:

12.14.1 Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;

12.14.2 Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;

12.14.3 Collaborates with the President and CEO in updating and making recommendations to the Board Risk Oversight Committee; and

12.14.4 Suggests ERM policies and related guidelines, as may be needed

Section 13 Management

The management of the Company is composed of corporate officers and executives formed and headed by the President and CEO. All policies and directions governing the organization, management, and operation of the Corporation shall be developed and

implemented by this Committee, subject to Board approval when required by existing laws. The Committee shall regularly report to the Board at its regular Board meeting, or during special meetings whenever necessary or requested by the Board through the CEO, on all matters concerning the Corporation's operation as well as significant events or occurrences affecting the Corporation.

President and Chief Executive Officer (CEO)

13.1 The CEO will have the primary responsibility of:

- 13.1.1 Determining the Company's strategic direction and formulates and implements its strategic plan on the direction of the business
- 13.1.2 Building and maintaining relationships with key stakeholders, including shareholders, government agencies, regulatory bodies.
- 13.1.3 Ensuring adherence to corporate governance principles and ethical standards.
- 13.1.4 Overseeing the operations of the Company and manages human and financial resources in accordance with the strategic plan.
- 13.1.5 Providing the Board with timely information and interfaces between the Board and the employees

Chief Operations Officer (COO)

13.2 The COO will have the primary responsibility of:

- 13.2.1 Managing and handling the daily business operations of the Company, working closely with department heads and supervisors to support the day-to-day activity of employees
- 13.2.2 Developing and implementing policies for daily operations, and communicates this policy changes to department supervisors
- 13.2.3 Ensuring alignment of the operation with current company policies and goals.

Network Operations Management (NOM) Manager

13.3 The NOM Manager will have the primary responsibility of:

- 13.3.1 Overseeing the safe and reliable operation of the electric distribution network, including substations, transformers, power lines, and related infrastructure.
- 13.3.2 Developing and executing maintenance and repair schedules to ensure the network's integrity and minimize downtime.
- 13.3.3 Managing the lifecycle of network assets, including inspections, upgrades, and replacements.

Retail Services Management (RSM) Manager

13.4 The RSM Manager will have the primary responsibility of:

- 13.4.1 Overseeing customer service operations, ensuring prompt and effective responses to inquiries, complaints, and service requests.
- 13.4.2 Managing billing processes, meter reading, and accurate invoicing to customers.
- 13.4.3 Developing strategies to enhance customer satisfaction, promote energy efficiency, and encourage timely payments.

Finance Manager

13.5 The Finance Manager will have the primary responsibility of:

- 13.5.1 Managing the company's financial operations, including budgeting, financial planning, and risk management.
- 13.5.2 Preparing accurate financial statements, ensuring compliance with accounting standards, and communicating financial results to stakeholders.
- 13.5.3 Managing relationships with investors, analysts, and financial institutions.
- 13.5.4 Making decisions regarding capital investments and financing options.

Human Resource Department (HRD) Manager

13.6 The HRD Manager will have the primary responsibility of:

- 13.6.1 Managing workforce planning, recruitment, development, and retention strategies.

- 13.6.2 Handling labor relations, negotiations with employee unions, and conflict resolution.
- 13.6.3 Promoting diversity and creating an inclusive work culture.
- 13.6.4 Ensuring employees have the necessary skills and knowledge to perform their roles effectively.

Logistics Manager

13.7 The Logistics Manager will have the primary responsibility of:

- 13.7.1 Overseeing the procurement, storage, and distribution of materials and equipment necessary for the Company's operations.
- 13.7.2 Build and maintain relationships with suppliers, negotiating contracts, and ensuring timely deliveries.
- 13.7.3 Efficiently manage warehouse facilities, including inventory organization, security, and quality control.

Management Information System (MIS) Manager

13.8 The MIS Manager will have the primary responsibility of:

- 13.8.1 Planning, execution, and successful completion of IT projects, including managing project teams, timelines, budgets, and deliverables.
- 13.8.2 Day-to-day administration and maintenance of IT systems, networks, and infrastructure and ensure systems are operational, secure, and reliable.
- 13.8.3 Provide technical support to end-users, troubleshooting issues, and resolving IT-related problems.
- 13.8.4 Identify, evaluate, and recommend IT hardware and software solutions that meet the Company's needs including procuring and managing software licenses and hardware assets.

BOARD COMMITTEES

The Board of Directors shall establish committees that will focus on specific board functions necessary to support the Board in the effective and optimal performance of its functions and aid in good governance

14.0 Corporate Governance Committee

14.1 The Corporate Governance (the "CG") Committee is responsible for assisting the Board of Directors of the Corporation in fulfilling its oversight responsibilities in relation to:

14.1.1 Ensuring compliance with the proper observance of corporate governance principles and practices the overall approach to corporate governance of the Corporation and the implementation of corporate governance framework and policies.

14.1.2 The size, composition, and structure of the Board and its committees.

14.1.3 The periodic performance evaluation of the Board, the committees and management of the Corporation

14.1.4 Orientation and continuing education for directors

14.1.5 Adopting a nomination process and procedures for Board membership and senior leadership roles in the Corporation and set up a review process of various compensation matters.

14.1.6 Identifying and selecting qualified individuals as candidates to become members of the Board.

14.1.7 Any additional matters delegated to the Corporate Governance Committee by the Board.

14.2 Membership Composition

14.2.1 The CG Committee shall be composed of three (3) directors

14.2.2 The members of the CG Committee may be removed by a majority vote of the directors. Any vacancies in the CG Committee shall be filled by majority vote of the Board.

14.2.3 The CG Committee may form and delegate authority to subcommittees as may be appropriated and in accordance with applicable laws or regulations.

14.3 Duties and Responsibilities

The CG Committee shall have the following duties and responsibilities

- 14.3.1 Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity, and business strategy.
- 14.3.2 Oversees the periodic performance evaluation of the Board and its committees as well as the management, and conducts an annual self-evaluation of its performance.
- 14.3.3 Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.
- 14.3.4 Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession planning, for the board members and senior offices, and remuneration packages for corporate and individual performance
- 14.3.5 Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in forms and substance.
- 14.3.6 Determines the nomination and election process for the Corporation's directors and has special duty of defining the general profile of board members that the Corporation may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board.
- 14.3.7 Oversee the formulation of the compensation and retirement philosophy as well as study and evaluate the appropriate compensation, retention, and retirement policies and programs for the officers of the Corporation as appointed in accordance with the Corporation's By-Laws, as well as managers or executives.
- 14.3.8 Review management succession plan

14.4 Meetings of the Committee

14.4.1 Frequency of Meetings

The CG Committee shall meet at least two (2) times a year to discharge its duties and responsibilities as outlined herein. In addition to regular meetings, special meetings can be called by the chairman of the CG Committee or any two members.

14.4.2 Notices of Meetings

The notice of the CG Committee meetings shall be given at five (5) business days prior to the scheduled meeting.

Notices for special meetings may be sent at least two (2) business days before the date of the special meeting.

Notices may be sent in writing through electronic mail, or by telefacsimile, among others.

14.4.3 The CG chairman, in consultation with the other members of the committee, shall propose a list of items to be addressed by the CG Committee during the year. The chairman shall ensure that the agenda for each Committee meeting is circulated to each member of the CG Committee together with the Notice of the meeting and the presentation materials shall be circulated two (2) days prior to the date of actual meeting

14.4.4 A majority of all the members of the CG Committee present in person or by means of a video-conference, teleconference, or other modes of communication in which all persons participating in the meeting can completely and clearly hear each other shall constitute a quorum. The members participating in the meeting shall have received the agenda and all the materials for the meeting.

The majority vote of the voting Members shall be required for the committee to approve, authorize, or take any action. The CG Committee may refer to the full Board for consideration of any matter which fails to be approved by a majority vote of all Committee Members.

14.5 The Secretary

The incumbent Corporate Secretary of the Corporation shall act as the secretary of the CG Committee.

14.6 Minutes

All Committee meetings must be duly documented and filed, and shall be maintained with the books and records of the Corporation. The minutes of the CG Committee meetings must be available for review and approval not more than five (5) business days after the meeting and for signature at the next committee meeting.

14.7 Per Diems

The CG Committee members shall be entitled to per diems for every attendance to a Committee meeting.

14.8 Reporting

The CG Committee shall regularly report to the Board on all significant matters that are within its responsibilities.

14.9 Assessment of the Performance of the Committee

The Board shall provide the standards for evaluating the performance and effectiveness of the CG Committee in fulfilling its duties and responsibilities.

Section 15 Board Risk Oversight Committee

The Board Risk Oversight Committee (the "BROC") is responsible for the oversight of the Company's Enterprise Risk Management ("ERM") system to ensure its functionality and effectiveness. The BROC has the responsibility to assist the Board of Directors in ensuring that there is an effective risk management process in place to ensure that well-informed decisions are made after taking into consideration the risks involved.

15.1 Membership Composition

15.1.1 The BROC shall be composed of at least three (3) members of the Board

15.1.2 At least one member of the BROC must have relevant through knowledge and experience on risk and risk management.

15.1.3 The BROC shall plan for succession for due consideration of the Corporate Governance Committee. Such plan may consider among other things the continuity of the BROC's work and the orderly transfer of accumulated knowledge.

15.1.4 The members of the BROC may be removed by a majority vote of the directors. Any vacancies in the BROC shall be filled by majority vote of the Board.

15.1.5 The BROC may form and delegate authority to subcommittees as may be appropriate and in accordance with applicable laws or regulations.

15.2 Duties and Responsibilities

The BROC shall have the following duties and responsibilities:

- 15.2.1 Develop a formal ERM plan.
- 15.2.2 Oversee the implementation of the ERM plan through the BROC.
- 15.2.3 Review the appointment or replacement of the Chief Risk Officer (CRO) who shall functionally report to the BROC and ensure effectiveness of the Company's risk management framework.
- 15.2.4 Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness.
- 15.2.5 Advise the Board on its risk appetite levels and risk tolerance limits
- 15.2.6 Review at least annually the company's risk appetite levels and risk tolerance limits based on the changes and developments in the business.
- 15.2.7 Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risk exposures of the corporation.
- 15.2.8 Report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

15.3 Meetings of the Committee

15.3.1 Frequency of Meetings

The BROC shall meet at least two (2) times a year to discharge its duties and responsibilities as outlined herein. In addition to regular meetings, special meetings can be called by the chairman of the BROC or any two members.

15.3.2 Notices of Meetings

The notice of the BROC meetings shall be given at least five (5) business days prior to the scheduled meeting.

Notices for special meetings may be sent at least two (2) business days before the date of the special meeting.

Notices may be sent in writing through electronic mail, or by telefacsimile, among others.

15.3.3 Agenda

The BROC chairman, in consultation with the other members of the committee, shall propose a list of items to be addressed by the BROC during the year. The chairman shall ensure that the agenda for each Committee meeting is circulated to each member of the BROC together with the Notice of the meeting and the presentation materials shall be circulated two (2) days prior to the date of actual meeting

15.3.4 Quorum and Voting

A majority of all the members of the BROC present in person or by means of a video-conference, teleconference, or other modes of communication in which all persons participating in the meeting can completely and clearly hear each other shall constitute a quorum. The members participating in the meeting shall have received the agenda and all the materials for the meeting.

The majority vote of the voting Members shall be required for the committee to approve, authorize, or take any action. The BROC may refer to the full Board for consideration of any matter which fails to be approved by a majority vote of all Committee Members.

15.4 The Secretary

The incumbent Corporate Secretary of the Corporation shall act as the secretary of the BROC.

15.5 Minutes

All Committee meetings must be duly documented and filed, and shall be maintained with the books and records of the Corporation. The minutes of the BROC meetings must be available for review and approval not more than five (5) business days after the meeting and for signature at the next committee meeting.

15.6 Per Diems

The BROC members shall be entitled to per diems for every attendance to a Committee meeting.

15.7 Reporting

The BROC shall regularly report to the Board on all significant matters that are within its responsibilities.

15.8 Assessment of the Performance of the Committee

The Board shall provide the standards for evaluating the performance and effectiveness of the BROC in fulfilling its duties and responsibilities.

Section 16 Audit Committee

The Audit Committee is responsible for the policies and procedures relating to the integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets

The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal control following the execution of Committee's responsibilities as described herein

16.1 Membership Composition

16.1.1 The Committee shall be composed of three (3) directors, preferably with relevant background, knowledge, skills, and/or experience in the areas of accounting and finance, one of whom shall be Independent Director. The Chairman shall be an Independent Director.

16.1.2 The Committee shall plan for succession for due consideration of the Corporate Governance Committee. Such plan may consider among other things the continuity of the Committee's work and the orderly transfer of accumulated knowledge

16.1.2 The members of the Committee may be removed by a majority vote of the directors. Any vacancies in the Committee shall be filled by majority vote of the Board.

16.1.3 The Committee may form and delegate authority to subcommittees as may be appropriated and in accordance with applicable laws or regulations.

16.2 Duties and Responsibilities

The duties and responsibilities of the Audit Committee include:

- 16.2.1 Assisting 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
- 16.2.2 Perform oversight functions over the Corporation's internal and external auditors. It should ensure that 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.
- 16.2.3 Organize an internal audit department and consider the appointment of an independent internal auditor as well as consider an independent external auditor, and the terms and conditions of their engagement and removal.
- 16.2.4 Approving and recommending the appointment, reappointment, removal, and fees of an external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reason for the removal or change should be disclosed to the regulators and the public through the Corporation's website and required disclosures.
- 16.2.5 Assessing the integrity and independence of external auditors and exercising effective oversight in reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process.
- 16.2.6 Recommending to the Board of Directors the compensation of the external auditor
- 16.2.7 Review and approve the annual internal audit plan to support the attainment of the objectives of the Corporation. The plan shall include the audit scope, resources, and budget necessary to implement it
- 16.2.8 Reviewing the external auditor's audit plan, fee schedule and any related services proposals
- 16.2.9 Approving the appointment and removal of the internal auditor
- 16.2.10 Overseeing the work of an internal auditor
- 16.2.11 Overseeing the work of an external auditor
- 16.2.12 Ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audit.

- 16.2.13 Reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communication to the Committee and to management.
- 16.2.14 Reviewing the external auditor's report, audit results and financial statements prior to approval of the Board of Directors
- 16.2.15 Review the quarterly financial statements before their submission to the Board, with focus on the following matters:
 - 16.2.15.1 Any change(s) in accounting policies and procedures
 - 16.2.15.2 Major judgmental areas
 - 16.2.15.3 Significant adjustments resulting from the audit
 - 16.2.15.4 Going concern assumptions
 - 16.2.15.5 Compliance with accounting standards
 - 16.2.15.6 Compliance with tax, legal and regulatory requirements
- 16.2.16 Reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public.
- 16.2.17 Reviewing financial statements, Management Discussion and Analysis, and annual and interim earnings press release prior to public disclosure of this information.
- 16.2.18 Ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public.
- 16.2.19 Overseeing the adequacy of the Company's system of internal accounting controls and internal audit process and obtaining from the external auditor summaries and recommendations for improvement of such internal controls and processes.

- 16.2.20 Reviewing the terms and conditions of any acquisition of corporate control or extraordinary transactions, with the assistance of an independent financial adviser.
- 16.2.21 Ensuring the integrity of disclosure controls and internal controls over financial reporting
- 16.2.22 Resolving disputes between management and the external auditor regarding financial reporting.
- 16.2.23 Establishing procedures to deal with complaints and concerns, from employees and others, regarding questionable accounting , internal accounting controls or auditing practices.
- 16.2.24 Reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor
- 16.2.25 Pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor, and
- 16.2.26 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 amount income of the external auditor and to the Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit 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 Corporation's annual report
- 16.2.27 Overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

The Audit Committee will report, at least quarterly, to the Board regarding the Committees examination and recommendations.

16.3 Meetings of the Committee

16.3.1 Frequency of Meetings

The Committee shall meet at least four (4) times a year to discharge its duties and responsibilities as outlined herein. In addition to regular meetings, special meetings can be called by the chairman of the Committee or any two members.

16.3.2 Notices of Meetings

The notice of the Committee meetings shall be given at least five (5) business days prior to the scheduled meeting.

Notices for special meetings may be sent at least two (2) business days before the date of the special meeting.

Notices may be sent in writing through electronic mail, or by telefacsimile, among others.

16.3.3 Agenda

The Committee chairman, in consultation with the other members of the committee, shall propose a list of items to be addressed by the Committee during the year. The chairman shall ensure that the agenda for each Committee meeting is circulated to each member of the Committee together with the Notice of the meeting and the presentation materials shall be circulated two (2) days prior to the date of actual meeting

16.3.4 Quorum and Voting

A majority of all the members of the Committee present in person or by means of a video-conference, teleconference, or other modes of communication in which all persons participating in the meeting can completely and clearly hear each other shall constitute a quorum. The members participating in the meeting shall have received the agenda and all the materials for the meeting.

The majority vote of the voting Members shall be required for the committee to approve, authorize, or take any action. The Committee may refer to the full Board for consideration of any matter which fails to be approved by a majority vote of all Committee Members.

16.3.5 The Secretary

The incumbent Corporate Secretary of the Corporation shall act as the secretary of the Committee.

16.3.6 Minutes

All Committee meetings must be duly documented and filed, and shall be maintained with the books and records of the Corporation. The minutes of the Committee meetings must be available for review and approval not more than five

(5) business days after the meeting and for signature at the next committee meeting.

16.3.7 Per Diems

The Committee members shall be entitled to per diems for every attendance to a Committee meeting.

16.3.8 Reporting

The Committee shall regularly report to the Board on all significant matters that are within its responsibilities.

16.3.9 Assessment of the Performance of the Committee

The Board shall provide the standards for evaluating the performance and effectiveness of the Committee in fulfilling its duties and responsibilities.

ARTICLE II

SUPPLY OF INFORMATION

All directors should be provided with complete, adequate, and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties.

Management is responsible for providing the Board with appropriate and timely information. If the information provided by the Management is insufficient, the Board will make further inquiries where necessary to which the person responsible will respond as fully and promptly as possible.

The directors, either individually or as a group in the performance of their duties may seek independent professional advice within the guidelines set by the Board.

Full agenda and comprehensive Board papers are to be circulated to all directors well in advance of each Board meeting.

Full Board minutes at each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.

ARTICLE III

DISCLOSURE AND TRANSPARENCY

The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to the shareholders and other stakeholders that gives a fair and complete picture of a Corporation's financial condition, results and business operations in accordance with the disclosure and reporting requirements of the SEC and other regulators.

The Corporation shall have a policy requiring all directors and officers to disclose/report to the Corporation through the Compliance Officer any dealings in the Corporation's shares within three business days.

The Corporation shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. This includes directors and key officers' qualifications, share ownership in the Corporation, membership in other boards, other executive positions, and corporate governance trainings attended.

The Corporation shall provide a clear disclosure of its policies and procedure for setting board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report, Remuneration shall as much as practicable to be on an individual basis, including termination and retirement provisions.

The Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance (EESG) and shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

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

ARTICLE IV

COMMUNICATIONS

This Manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days. A representative of any judicial stockholder seeking to conduct such an inspection must be duly authorized by a Secretary's Certificate for the purpose.

The Board and management are tasked to ensure the thorough dissemination of this Manual to all employees and personnel and to enjoin compliance in the process.

An adequate number of printed copies of this Manual must be reproduced at the Corporation's office, with a minimum of at least one (1) hard copy per department.

The Corporation shall include media and analysts' briefing as channels of communication to ensure the timely and accurate dissemination of public, material, and relevant information to its stockholders and stakeholders. The Corporation's corporate governance policies, programs, and procedures should be contained in its Manual, which shall be posted on the Corporation's website.

ARTICLE V

ACCOUNTABILITY AND AUDIT

The Board shall ensure that the stockholders are provided with a balance and comprehensible assessment of the Corporation's performance, position, and prospects on a quarterly basis, including the interim and other reports that could adversely affect its business as well as reports to regulators that are required by law.

Management should formulate the rules, procedures on internal controls, and financial operations for presentation to the Audit Committee and the Board Risk Oversight Committee 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 should be maintained for the benefit of all stockholders and other stakeholders.
- c. On the basis of the approved audit plans, internal audit examination should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that over the Corporation's financial reporting 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, and
- d. The Corporation should consistently comply with the financial reporting requirements of the SEC.

ARTICLE VI

INVESTORS' RIGHTS and PROTECTION

Shareholders are integral stakeholders of the Company, and their rights are essential to maintain their trust and confidence. This section reaffirms the commitment to maintaining the highest standards of corporate governance and protecting the rights of the shareholders.

Voting Right

Shareholders have the right to participate in shareholder meetings and vote on matters requiring their approval. Each share typically carries one vote, and shareholders can exercise their voting rights to elect directors, approve important corporate actions, and make critical decisions affecting the Company.

Shareholders also have the right to appoint proxies to attend and vote at meetings on their behalf if they cannot attend in person.

Pre-emptive Right

Shareholders have the pre-emptive right to purchase additional shares of the Company's stock before those shares are offered to external investors. This right allows existing shareholders to maintain their ownership percentage when the company issues new shares.

Right of Inspection

Shareholders have the right to inspect the Company's books, records, financial statements, and other documents to ensure transparency and verify the accuracy of financial information to help make informed decisions and assess the Company's financial health.

Right to Information

Shareholders are entitled to timely and accurate information about the Company's operations, financial performance, and corporate governance practices. This includes access to annual reports, disclosures, and other relevant information that aids shareholders in making informed investment decisions.

Right to Dividends

Shareholders have the right to receive dividends when declared by the Company's board of directors which are typically distributed based on the number of shares owned by each shareholder, providing a return on their investment.

Appraisal Right

In certain situations, shareholders may have the right to demand fair value for their shares if they disagree with specific corporate actions, such as mergers, consolidations, or major asset sales. This right allows shareholders to exit the Company with a fair payout.

Right to Transparent and Fair Conduct of Shareholders' Meetings

Shareholders have the right to expect that shareholders' meetings are conducted transparently and fairly. This includes clear communication of meeting agendas, opportunities for shareholders to ask questions, and adherence to proper voting procedures. The company must ensure that meetings are held in a manner that respects the rights of all shareholders.

ARTICLE VII

STAKEHOLDERS' RIGHTS AND EFFECTIVE REDRESS FOR VIOLATIONS

The Company recognizes the fundamental importance of stakeholders' rights and the need for effective redress in case of violations. Its commitment to transparency, accountability, and responsible business conduct extends to safeguarding the rights of all stakeholders, including customers, investors, employees, and the communities it serves.

The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth, and sustainability.

The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

The Board shall adopt a transparent framework and process that allows stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights. Stakeholder engagement touch points in the Corporation such as the Investor Relations Office, and Corporate Communications Group shall be strengthened.

The Board shall adopt policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its grievance. In order to encourage employee participation, the Corporation shall conduct regular general assemblies, department meeting, and gatherings to develop an environment of open communication between the management and the employees.

The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy (encompassing corrupt practices such as, but not limited to, bribery, fraud, extortion, collusions, conflict of interest and money laundering) and program in its Code of Conduct. This shall be disseminated to employees across the organization.

The Board shall 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 shall conscientiously supervise and ensure enforcement of the framework.

Communication and Training Process

All Corporation directors and executives are tasked to ensure the thorough dissemination of this Revised Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

An adequate number of printed copies of this Revised Manual must be reproduced and distributed to each department of the Corporation

Funds will be allocated by the Corporation for the purpose of conducting an orientation program or workshop to operationalize this Revised Manual.

A director shall, before his assumptions of duty, be required to attend a seminar on corporate governance which shall be conducted by a recognized and reputable training provider.

Governance Rating System

The Board shall develop a rating system to measure the performance of the Board and Management in accordance with the criteria provided in this Revised Manual and other rules and regulations on good corporate governance.

Non-Compliance with the Manual of Good Corporate Governance

The Compliance Officer shall be specifically tasked with the responsibility of ensuring compliance with the Manual of Good Corporate Governance.

The Compliance Officer shall, after proper investigation, notice of hearing, determine and recommend to the Board, the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent repetition of the violation.

ARTICLE VIII

DATA PRIVACY AND PROTECTION

Within this Manual, data privacy and protection are paramount concerns to recognize the critical importance of safeguarding sensitive information, both for the customers and the Company.

DECORP's commitment to data privacy is underpinned by adherence to relevant laws and regulations, including the Data Privacy Act of 2012. Implementation of stringent data security measures are observed, ensuring that customer data, employee information, and company data are handled with the utmost care and confidentiality. This includes robust access controls, encryption, regular security assessments, and comprehensive training programs to instill a culture of data privacy and protection among employees.

Additionally, the Company maintains transparent data handling practices, promptly responds to data breaches, and have designated an officer to oversee compliance and address privacy concerns. This commitment to data privacy and protection underscores the Company's dedication to ethical and responsible business conduct.

ARTICLE IX

SUSTAINABILITY SOCIAL RESPONSIBILITY

The Company is committed to operating in a manner that not only ensures the reliable and efficient distribution of electricity but also contributing as responsible stewards of the environment and active contributors to the long-term well-being of the communities it serves.

This commitment is anchored in principles that include environmental stewardship, community engagement, health and safety, ethical conduct, customer-centricity, regulatory compliance, employee well-being, reporting and transparency, and a drive for continuous improvement.

The Company upholds the highest ethical standards in all dealings with its stakeholders, prioritizes safety and employee development, and actively engages with the communities it serves. The Board of Directors provides oversight of these initiatives to ensure alignment with corporate values and goals, fostering a culture of integrity, transparency, and sustainability throughout the Company.

ARTICLE X
SEPARABILITY CLAUSE

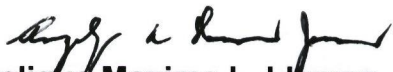
The Board endeavors to comply at all times with the principles set out in this Manual. In case of conflict between the Code of Corporate Governance issued by SEC and this Manual, the Code shall prevail. If any provision is declared invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the other provisions hereof, which shall remain in full force and effect.

ARTICLE XI

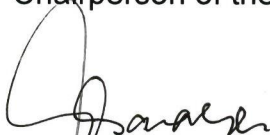
EFFECTIVITY

This Corporate Governance Manual was approved on October 2, 2023 and shall immediately take effect and be applicable to all directors, officers, employees, and stakeholders of the Company from that date forward.

Signed:



Angelique Maxime L. Llames-James
Chairperson of the Board



Lilian D. Saralde
Compliance Officer