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# SECURITIES AND EXCHANGE COMMISSION

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

<b>Atty. Joselito V. Banaag</b>
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Contact Person

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Month	Day

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<b>Manual on Corporate Governance</b>
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GT CAPITAL HOLDINGS, INC.

MANUAL  
ON  
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## INTRODUCTION

### Background

The Securities and Exchange Commission ("SEC" or "Commission") has been instituting structural reforms and has begun to develop a comprehensive strategy to raise the standards of corporate governance, with the purpose of building investor confidence, developing capital market and helping achieve high sustained growth for the corporate sector and the economy.

The SEC has come out with various issuances and circulars to further enhance the various initiatives it had implemented, to provide the very much needed impetus to improve corporate governance in corporations whose securities are registered or listed, corporations which are grantees of permits/licenses and secondary franchise from the Commission and public companies.

GT Capital Holdings, Inc. ("GT Capital", "Company" or "Corporation"), in line with its vision to be a publicly listed company and commitment to national development, adheres to the principles of good governance and adopts this Manual on Corporate Governance ("Manual").

### Definition of Corporate Governance

The Commission defines **corporate governance** as *the framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors ("Board") and Management of their respective duties and responsibilities to the stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.*

### Importance of Corporate Governance in Public Companies

Public companies play a strategic role in the smooth functioning of the national economy. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy.

### Guiding Principles of Good Corporate Governance

Good Corporate Governance enshrines the three principles, as follows:

- |                          |   |
|--------------------------|---|
| <b>Fairness/equity</b> - | implies that the rights of all concerned parties are protected. For holding companies, the Board of Directors should not only promote the interest of the stockholders but also that of other stakeholders such as investors and lenders. |
| <b>Accountability</b> -  | involves providing <b>adequate incentives</b> and instilling in the business environment the discipline to act in the best interest of the company.   |
| <b>Transparency</b> -    | or the availability of information is sought through expansion of public disclosure requirements.   |

## PART I. MANUAL

The Board and the Management of GT Capital hereby commit themselves to the principles and best practices contained in this Manual, as well as the rules and regulations of the Securities and Exchange Commission ("SEC"), the Philippine Stock Exchange ("PSE"), and the Philippine Dealing & Exchange Corp. ("PDEX"), including in particular those that concern the development of the Philippine capital market, and acknowledge that the same may guide the attainment of their corporate goals.

### 1. OBJECTIVE

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

The Board and Management, employees and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness of this policy within the organization.

### 2. COMPLIANCE SYSTEM

#### 2.1 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 Corporation. Corollary to setting the policies for the accomplishment of corporate objectives, it shall provide an independent check on management.

The Board shall be composed of at least five (5) but not more than fifteen (15) members who are elected by the stockholders.

##### 2.1.1 General Responsibility

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained growth and competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders.

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

##### 2.1.2 Specific Duties and Functions

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

- (a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. 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 corporation on major investments and 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 corporation'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 corporation. If feasible, the CEO or CFO shall exercise oversight responsibility over this program.
- (e) Identify the stakeholders in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- (f) Adopt a system of check and balance with the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.
- (g) Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- (h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships by members of the Board.
- (i) Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.
- (j) 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.
- (k) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- (l) Constitute an Audit Committee and such other committees as it deems necessary to assist the Board in the performance of its duties and responsibilities.
- (m) Appoint a Compliance Officer with the rank of at least vice-president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.
- (n) Perform such other responsibilities as may be required under relevant rules and regulations

### 2.1.3 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:

- (a) Conduct fair business transactions with the corporation and ensure that his personal interest does not conflict with the interests of the corporation.

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

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

- (b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should be physically present at 50% of the meetings of the Board. If arrangements are made for electronic presence, directors should be present at 75% of all meetings of the Board.

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

A director shall have working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission, and where applicable, the requirements of relevant regulatory agencies.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by members of the Board to enable them to properly perform their duties and responsibilities. For this purpose, members shall be given independent access to Management and the Corporate Secretary on any issue which requires clarification.

- (c) Act judiciously.

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



(d) Exercise independent judgment.

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

(e) Transparency

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

(f) Observe confidentiality.

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

#### 2.1.4 Independent Directors

An Independent Director is a critical component in ensuring full compliance with the principles of corporate governance in the Board. There shall be at least 2 independent directors elected to the Board.

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

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.

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 corporation. In addition, an independent director shall also meet the following qualifications:

- (a) Should not be related within the second degree of consanguinity or affinity with significant stockholders, the CEO, or any member of the Company's Management.
- (b) 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.
- (c) Should not have served as independent director of the company for more than nine years. An independent director may first serve as such for a period of five years. After the completion of the five year service period, an independent director shall be ineligible for election unless such director has undergone a "cooling off" period of two (2) years. An independent director re-elected as such after the "cooling off" period may serve for another four (4) consecutive years. Service for a period of six (6) months shall be equivalent

to one (1) year. In the event that the Company makes an exception to the rule on limits for continuous service of independent directors, the Company shall justify and disclose it.

## **2.2 Board Committees**

To aid in complying with the principles of good corporate governance, the Board shall constitute Committees.

### **2.2.1 Nominations Committee**

**2.2.1.1** The Board shall create a Nominations Committee which shall have at least three (3) voting directors. As far as practicable, a majority of its members shall be independent, provided that the Chairman of the Committee must always be independent. Frequency of meeting shall be at least semi-annually. It shall have a charter approved by the Board of Directors and reviewed and updated at least annually.

#### **Refer to the Nominations Committee Charter in Annex A**

**2.2.1.2** It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors as well as those nominated to other positions requiring appointment by the Board of Directors in accordance with the following qualifications and disqualifications.

#### **Qualifications of a Director**

- (a) Holder of at least one hundred (100) shares of stock of the Corporation, which shares shall stand in his name in the books of the corporation.
- (b) He shall be at least twenty-five (25) years of age at the time of his election or appointment;
- (c) He shall be at least a college graduate or have at least five (5) years experience in business;
- (d) He must have attended a special seminar for board of directors conducted or accredited by the regulatory bodies; and
- (e) He must be fit and proper for the position of director. In determining whether a person is fit and proper for the position of director, the following matters must be considered:
  - integrity/probity;
  - competence;
  - education;
  - diligence; and
  - experience/training.
- (f) Non-executive directors should possess qualifications and stature that enable them to participate in the deliberations of the Board.

The foregoing qualifications for directors shall be in addition to those required under existing applicable laws and regulations.

**Disqualifications of a Director**

- (a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the SRC; (ii) arises out of the person's conduct as an underwriter, broker, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or any regulatory body, or under any rule or regulation issued by the Commission, 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;

- (c) 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;
- (d) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission, or any of its rule, regulation or order;
- (e) Any person judicially declared to be insolvent;
- (f) Any person finally found guilty by 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 above;

- (g) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.
- (h) Any former partner or employee of the Company's external auditor, unless two years have elapsed since the relationship with such auditing firm has been terminated.
- (i) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation.
- (j) Possession of disqualifications under the By-Laws

**Effect of Non-Possession of Qualification or Possession of Disqualification**

Directors/ Officers elected or appointed without possessing the qualifications or possessing any of the disqualifications as enumerated herein, or in the By-laws of the corporation, shall vacate their respective positions immediately.

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

- (a) Refusal to comply with the disclosure requirements of the SRC and its IRR. This disqualification shall be effective as long as the refusal persists.
- (b) Absence in more than fifty percent (50%) of all regular and special meetings of the Board of directors 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. This disqualification applies for purposes of the succeeding election.
- (c) Dismissal or termination for cause as director of any corporation covered by Code. The disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.
- (d) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- (e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporary disqualified director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

The applicable qualifications/disqualifications for directors shall likewise apply to officers.

**2.2.1.3** In consultation with the Executive Committee, re-define the role, duties and responsibilities of the Chief Executive Officer 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.

**2.2.1.4** The Nominations Committee shall consider the following guidelines in the determination of the number of directorships for the Board:

- The nature of the business of the Corporations which he is a director;
- 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.

**2.2.1.5** The Nominations Committee shall likewise consider the following principles in determining the composition of the Board of Directors:

- At least one of the Corporation's non-executive directors should have prior working experience in the sector or broad industry group to which the Corporation belongs.
- The Corporation values, promotes and observes a policy on diversity in the composition of its Board. In particular, provided that all other qualifications are met, there should be women in our Board of Directors. To this end, the Nominations Committee shall ensure that at any given time, at least one woman independent director sits on the Corporation's Board.

**2.2.1.6** The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards, other than in its subsidiaries or affiliates. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. No director shall simultaneously hold more than five board seats in publicly listed companies. In any case, the capacity of directors to serve with diligence shall not be compromised.

**2.2.1.7** It is the Company's policy to require its directors to undergo an orientation program on corporate governance, and to encourage and support its directors as regards attendance in continuing education and development programs on corporate directorship. The Corporation shall set aside a budget for this purpose.

## **2.2.2 Compensation Committee**

**2.2.2.1** The Compensation Committee shall be composed of at least three (3) members of the Board, one of whom shall be an independent director, to establish a formal and transparent procedure for

developing a policy on remuneration of directors and officers and to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates. The committee shall meet at least semi-annually.

- 2.2.2.2** The Compensation Committee shall have a written charter that describes its duties and responsibilities. This charter shall be approved by the Board of Directors and reviewed and updated at least annually.

**Refer to the Compensation Committee Charter in Annex B**

**2.2.3 Audit Committee**

- 2.2.3.1** The Audit Committee shall consist of at least three (3) directors, all of whom must be capable of exercising independent judgment and shall be non-executive directors. At least one member shall have accounting and finance background, one of whom shall be an independent director and another with audit experience. The Chair of the Audit Committee shall be an independent director.

- 2.2.3.2** Upon setting up the Audit Committee, the Board of Directors shall draw up a written charter or Terms of Reference which clearly sets out the Audit Committee's authority and duties, as well as reporting relationship with the Board of Directors. This Charter shall be approved by the Board of Directors and reviewed and updated periodically. The Audit Committee shall meet at least quarterly.

**Refer to the Audit Committee Charter in Annex C**

**2.2.3.3 Duties and Responsibilities**

- (a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- (b) Provide oversight over Management's activities in managing credit, market liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- (c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- (d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- (e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the

- activity to secure proper coverage and minimize duplication of efforts;
- (f) Organize an internal audit department, and consider the appointment of an independent internal auditor and determine the terms and conditions of its engagement and removal/termination;
  - (g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
  - (h) Review the reports submitted by the internal and external auditors;
  - (i) Review 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 corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
  - (l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. The Internal Auditor 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.

In lieu of organizing an internal audit department, the Audit Committee may outsource the internal audit services/function from a service provider.

- (m) Address all issues and concerns from the auditors expeditiously and effectively to avoid the possibility of their having to render a qualified or adverse opinion, including substantive and significant disclaimers.
- (n) Ensure that no revisions to the company's financial statements are necessary for reasons other than mandated changes in accounting practices.

- (o) Certify in behalf of the Board of Directors as to the adequacy of the company's internal controls and risk management system.
- (p) Approve all non-audit services conducted by the external auditor and ensure that non-audit fees do not outweigh the fees earned from the external audit.
- (q) Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.
- (r) Ensure that the external auditor has adequate quality control procedures
- (s) Ensure that the external audit firm is selected on the basis of a tender process
- (t) Conduct regular meetings and dialogues with the external audit team without anyone from management present
- (u) Ensure that, should the external auditor not be rotated, the lead audit partner is rotated every five years.

#### **2.2.4 Corporate Governance Committee**

**2.2.4.1** The Corporate Governance Committee shall be composed of at least three (3) members of the Board, at least two (2) of whom shall be independent directors.

**2.2.4.2** It shall have a written charter that describes the duties and responsibilities of its members approved by the Board of Directors and reviewed and updated at least annually. The Committee shall meet at least every quarter or as the need arises.

##### **Refer to Corporate Governance Committee Charter in Annex D**

**2.2.4.3** The committee shall be responsible for ensuring the board's effectiveness and due observance of corporate governance principles and guidelines. It shall oversee the periodic performance evaluation of the Board and its committees and executive management; and shall also conduct an annual self-evaluation of its performance. The committee shall decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board.

**2.2.4.4** The committee shall act as a Related Party Transactions Committee when necessary. To this end, it shall pass upon and provide clearance for related party transactions with material significance, after assessing whether the transaction is for the best interest of the corporation.

### **2.3 Management**

**2.3.1** The roles of the Chairman and CEO shall be separate to foster an appropriate balance of power, increase in accountability and better capacity for independent decision-making by the Board.



- 2.3.2** Management shall provide all members of the Board of Directors or its committees with complete, accurate, and timely information about the matters to be taken in their meeting. Furthermore, directors, either individually or as Board, in furtherance of their duties and responsibilities, should have access to independent professional advice at the Corporation's expense.
- 2.3.3** Management shall formulate rules and procedures to assist the Board or any of its committee to discharge its function and responsibilities and ensure compliance with laws, rules and regulations.
- 2.3.4** Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
- (a) The extent of responsibility in the preparation of the financial statements, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained.
  - (b) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders should be maintained.
  - (c) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of control that cover the Corporation's governance, operations and information systems, including reliability and integrity of financial and operational information effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations
  - (d) The Corporation should consistently comply with financial reporting requirements of the Commission
  - (e) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation should be changed with the same frequency. 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 deemed necessary or requested by the Board and Management.

## **2.4 The Chairman**

### **2.4.1 Duties and Responsibilities**

- (a) Ensure that the meetings of the Board are held in accordance with the by-laws or as he may deem necessary.
- (b) 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.
- (c) Maintain qualitative and timely lines of communication and information between the Board and Management.

- (d) Listen to and address satisfactorily any governance-related issues that non-executive independent directors may raise.
- (e) 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.

## **2.5 The Corporate Secretary**

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

### **2.5.1 Duties and Responsibilities**

- (a) Be responsible for the safekeeping and preservation of the integrity of the minutes of the Board and its committees, as well as other official records of the corporation;
- (b) Be loyal to the mission, vision and objectives of the corporation;
- (c) Work fairly and objectively with the Board, Management, stockholders and stakeholders;
- (d) Have appropriate administrative and interpersonal skills;
- (e) If he is not at the same time the corporation's general counsel, be aware of the laws rules, and regulations necessary in the performance of his duties and responsibilities;
- (f) Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (g) Attend all Board meetings, except when justifiable causes, such as, illness death in the immediate family and serious accidents prevent him from doing so;
- (h) Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- (i) Submit reports to the Commission as required under existing rules;
- (j) Have knowledge of the operations of the Corporation;
- (k) Identify and monitor compliance with the rules and regulations of regulatory agencies, and take appropriate corrective measures to address all regulatory issues and concerns; and
- (l) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer provided herein.

**2.5.2** The Office of the Corporate Secretary shall provide reasonable and adequate support to the Board of Directors and the members of the Board in the discharge

of their functions. Among the duties of the Office of the Corporate Secretary are as follows:

- (a) Provide the requisite board papers associated with items on the agenda of a Board meeting and to arrange that these are sent to all directors at least five business days in advance of the scheduled Board meeting.
- (b) Provide ready and reasonable access to information that directors may need for their deliberation on issues listed on the agenda of the Board.
- (c) Ensure that the Corporate Secretary has access to training in "legal, accountancy and company secretarial best practices", which help raise the standards of professionalism actually observed by the Office of the Corporate Secretary.
- (d) Set the dates of the Corporation's Board meetings at the beginning of the year. The Board shall meet regularly, as required by its by-laws.
- (e) Ensure that at least two-thirds of the directors are present when there are important matters to be decided on the agenda, in particular when issues that will have a significant impact on the character of the Corporation. In such cases, the number required to determine whether there is a quorum to do business shall be two-thirds of the directors.
- (f) Encourage and arrange for all the Corporation's non-executive directors to meet as a group at least once a year, without the presence of any executive director or representative from management.

## **2.6 President**

### **2.6.1 Duties and Responsibilities**

- (a) Plans, develops and implements the Corporation's policies and goals.
- (b) Directs and coordinates promotion of products or services performed to develop new markets, increase share of market, and obtain competitive position in industry.
- (c) Analyzes budgets to identify areas in which reductions can be made, and allocates operating budget.
- (d) Confers with administrative personnel and reviews activity, operating, and sales reports to determine changes in programs or operations required.
- (e) Facilitates monthly meeting with Comptroller to evaluate job costing and project management billable hours.
- (f) Directs preparation of directives to division heads outlining policy, program, or operations changes to be implemented.
- (g) Promotes organization in industry, markets, and general public.
- (h) Maintains a commitment to the company vision and the "spirit" of the organization.

- (i) Presides over all company-wide employee meetings and formal meeting of directors and managers.
- (j) Reviews activity reports and financial statements to determine progress and status in attaining objectives, and revises objectives and plans in accordance with current conditions.
- (k) Interfaces with the Chairman to revise objectives and plans in accordance with current conditions.
- (l) Maintains full and final signature authority for the corporation and its bank accounts.
- (m) Plans and develops industrial, labor and public relations policies designed to improve company image and relations with customers, employees, and public.
- (n) Communicates clearly and directly with employees concerning performance expectations, productivity, and accountability.
- (o) Develops employees for future advancement when possible.

## **2.7 Compliance Officer**

**2.7.1** To insure adherence to corporate principles and best practices, the Board shall appoint a Compliance Officer. The Compliance Officer shall have direct reporting responsibilities to the Chairman of the Board

### **2.7.2 Duties and Responsibilities of the Compliance Officer**

- (a) Monitor and ensure compliance with the provisions and requirements of this Manual, render report of compliance or violations to the Board thru the Corporate Governance Committee and in cases of violations, recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation.
- (b) Appear before the Securities and Exchange Commission and other regulatory agencies upon summons on similar matters that need to be clarified.
- (c) Accomplish and submit the Annual Corporate Governance Report or any similar report as required by regulators.
- (d) Submit annually, as required by the Commission, a report of the director's record of attendance in Board meetings.

**2.7.3** The appointment of the Compliance Officer shall be reported to the SEC in accordance with existing regulations. All correspondence relative to his functions as such shall be addressed to the said Officer.

**2.8 External Auditor**

- 2.8.1** An external auditor shall be selected and appointed by the stockholders upon recommendation of the Board after consultation with the Audit Committee.
- 2.8.2** The external auditor shall undertake an independent audit of the corporation and shall provide an objective assurance on the manner by which financial statements shall be prepared and presented to stockholders.
- 2.8.3** 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. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.
- 2.8.4** Relevant information on the external auditor shall be disclosed by the Corporation.
- 2.8.5** The external auditor of the company shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
- 2.8.6** The company's external auditor shall be rotated or the signing partner shall be changed every five (5) years or earlier.
- 2.8.7** If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said report.
- 2.8.8** The external auditor shall be subject to rules and regulations as prescribed by the SEC.

**2.9 Internal Auditor**

- 2.9.1** The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, or a service provider engaged to perform internal audit functions through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.
- 2.9.2** The Internal Auditor shall have a direct reporting line to the Audit Committee.
- 2.9.3** The appointment or removal of the head of the internal audit office shall be subject to the approval of the Audit Committee.
- 2.9.4** The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.

**2.9.5** The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business 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.

**2.9.6** The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit'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.

**2.9.7** The internal audit function may be outsourced to an external service provider.

## **2.10 Investor Relations**

**2.10.1** The Corporation shall have in place an Investor Relations function to be performed by the Head of Investor Relations.

**2.10.2** Duties and Responsibilities of the Head of Investor Relations:

- a) Manage and administer an effective communication system between the company and the investor community, as well as with all other stakeholders.
- b) Develop, maintain and implement the Company's investor relations program
- c) Directly interfaces with shareholders, investors, analysts, portfolio managers, journalists, and other stakeholders, with the knowledge and approval of the
- d) President, and in close coordination with the Chief Financial Officer.
- e) Address concerns and complaints from external stakeholders
- f) Take a pro-active stance in caring for and promoting the just and proper interests of all our external stakeholders.

## **3. COMMUNICATION PROCESS**

**3.1** This manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.

**3.2** All directors, executives, division and department heads 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.

**3.3** An adequate number of printed copies of this Manual must be reproduced and distributed, with a minimum of at least one (1) hard copy of the Manual per department.

#### **4. TRAINING PROCESS**

- 4.1 If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.
- 4.2 In the event the securities of the corporation are listed, the incumbent as well as newly-elected directors shall be required to attend a seminar on corporate governance which shall be conducted by a duly-recognized private or government institute.

#### **5. REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES**

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

It is therefore essential that all material information about the Corporation which could adversely affect its viability of 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. All such information should be disclosed through the appropriate Exchange mechanism and submissions to the Commission

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

- 5.1 The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer;
- 5.2 Upon the company's becoming publicly listed, all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.
- 5.3 Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.
- 5.4 All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

#### **6. SHAREHOLDERS' BENEFIT**

The company welcomes both retail and institutional investors who wish to purchase shares of the company through the PSE, and maintains a minimum public float of shares openly traded in the exchange.

The company works closely with institutional investors with a view towards having at least 5% of its shares held by them at any given time.

The company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors, whether retail or institutional investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the company and all its investors:

## **INVESTORS' RIGHTS AND PROTECTION**

### **6.1 Rights of Investors/Minority Interests**

The Board shall be committed to respect the following rights of the stockholders.

### **6.2 Right to Attend and Participate in the Annual Stockholders' Meeting**

**6.2.1** All investors shall have the right to attend and participate in the Annual Stockholders' Meeting ("ASM") of the company. To this end, the Corporation shall hold its ASMs at a place that is easily accessible to investors, including institutional investors.

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 of the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in stockholder's favor.

The Board should take 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

**6.2.2** On all matters of importance to investors, especially institutional investors, such as decisions related to mergers and acquisitions, our company shall observe the principle of fair treatment of all shareholders. All resolutions put forward in an ASM concerning mergers and acquisitions shall be accompanied by a report on fair value and on equitable terms and conditions for all shareholders, from an independent valuation company.

**6.2.3** The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. 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. To this end, the company has adopted the following policies as regards the ASM:

- a. The company shall, as far as practicable, issue the call for the ASM to all shareholders at least 30 days before the date set for the ASM, or 20 days in case of a Special Meeting.
- b. The call for the ASM shall specify the time and place for the meeting and shall contain the proposed agenda for the ASM, including, but not limited to the resolutions to be put forward at the meeting.
- c. Each resolution shall relate to only one agenda item, and it shall include a brief rationale or explanation for its inclusion in the ASM. There shall be no bundling of several issues in one resolution.



- d. The introduction of additional, previously unannounced items into the agenda of the ASM or any item that is not included in the call or notice of the ASM shall be prohibited
- e. The notice or call for an ASM shall include a profile of all nominees for seats in the Board of Directors, which shall include the nominee's:
  - i. age
  - ii. qualifications and experience
  - iii. date of first appointment to the Board of the company
  - iv. other directorships in other publicly listed corporations (or subsidiaries, whether listed or non-listed, within a group of companies)
- f. Shareholders shall be given the opportunity to ask and receive answers to questions of relevance to the Corporation, its performance and prospects. For this purpose, the Corporation requires the attendance of the following at the ASM:
  - i. The Chairman of the Board
  - ii. The CEO
  - iii. The Chairman of the Audit Committee
  - iv. At least some of the directors, whose presence (or absence) should be noted in the Minutes of the ASM.
- g. Shareholders shall not be prevented from consulting or communicating with one another.
- h. The Minutes of the ASM shall include a summary of the questions asked and of the answers given to those questions, and shall be posted at the latest by the next working day following the ASM

### 6.3 Voting Right

**6.3.1** The Corporation observes the basic principle of "one vote per one common share" and does not intend to deviate from this principle.

**6.3.2** The Corporation shall adopt the policy of respecting the right of shareholders to participate and vote in its ASM. Shareholders may vote in person or by proxy.

**6.3.3** Shareholders shall have the right to elect, remove and replace directors, approve the remuneration of all non-executive directors, and vote in accordance with the Corporation Code, in matters including but not limited to the appointment of the external auditor.

**6.3.4** In all matters which require a vote of shareholders under the Corporation Code, the company shall allow voting in person or by proxy.

**6.3.5** The company shall engage the services of an independent body to ensure that voting procedures adhere to standards of integrity, transparency, fairness and professionalism.

**6.3.6** The results of the vote by polling for each agenda item shall be posted and made available to all shareholders through the required disclosure with the PSE, as well as the company's website, no later than the next business day after the ASM.

**6.3.7** Shareholders may nominate candidates for seats in the Board of Directors, provided that the said nomination is made at least ten (10) days prior to the date of the ASM and the prospective candidate is qualified under the Corporation Code and this Manual, as shown by his Curriculum Vitae, which should be submitted when the nomination is made. Nominations, along with the nominee's Curriculum Vitae, shall be submitted to the Corporate Secretary, who shall provide the members of the Nominations Committee with copies thereof.

**6.3.8** Cumulative voting shall be used in the election of directors.

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

**6.3.10** Should extraordinary circumstances require the issuance of a special class or classes of shares, giving the said shares disproportionate claim on voting rights, the same, including the justification therefor, shall be fully disclosed, and the appropriate shareholder approval shall be obtained before taking extraordinary action.

#### **6.4 Pre-emptive Right**

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

#### **6.5 Power of Inspection**

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

#### **6.6 Right to Information**

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

**6.6.2** The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

**6.6.3** The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the

minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

**6.6.4** The right of shareholders, in particular minority shareholders, to equitable treatment shall be respected. To this end, majority shareholders, directors, officers and employees are prohibited from benefiting from knowledge not available to minority shareholders and the general public.

**6.6.5** The company considers insider trading a very serious offense and shall prohibit the continued service of any director, officer, or employee who has been convicted by a court of competent jurisdiction of insider trading.

**6.6.6** All dealings and transactions in our company's shares by a director, officer, or employee shall be disclosed by the said director, officer, or employee to the company within three (3) business days after the transaction. Transactions of directors and officers shall be disclosed to the general public through the Online Disclosure System of the Philippine Stock Exchange.

## **6.7 Right to Dividends**

**6.7.1** In performing its duties and responsibilities, the Board of Directors shall take into consideration the optimization of the company's long-term value and the shareholders' right to participate in the benefits arising from such long-term optimal growth of company value.

**6.7.2** Shareholders shall have the right to receive dividends subject to the discretion of the Board. Any change in this dividend policy shall be disclosed through the PSE's website.

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

**6.7.4** The Corporation shall disclose annually the amount payable pertaining to final dividends as recorded in its books, and shall likewise disclose any change in its dividend policy.

**6.7.5** The Corporation shall observe a 30-day period for the payment of dividends to all shareholders, after receiving final regulatory clearance for the payment of dividends.

## **6.8 Appraisal Right**

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

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing

preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

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

#### **6.9 Right to fair and equal treatment**

The Corporation shall ensure that all shareholders of the same class are treated equally and fairly with respect to voting rights, subscription rights, transfer rights, and share repurchases.

- 6.10** It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

### **7. MONITORING AND ASSESSMENT**

- 7.1** Each Committee shall report regularly to the Board of Directors.
- 7.2** The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Manual.
- 7.3** The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A). The adoption of such evaluation system must be covered by a Board approval.
- 7.4** This Manual shall be subject to annual review, any change shall be approved by the Board and disclosed to SEC, when required.

### **8. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL**

- 8.1** To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:
- 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.

- 8.2** The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.
- 8.3** The Corporate Governance Committee shall be responsible for reporting violation/s after due notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

**Signed:**

Original Signed

CARMELO MARIA LUZA BAUTISTA  
*President*

# ANNEX A

## GT CAPITAL HOLDINGS, INC.

*GT Tower International, Ayala Avenue corner H.V. Dela Costa St., Makati City*

### NOMINATIONS COMMITTEE CHARTER

#### **Purpose and Objective**

The Nominations Committee (the "Committee") is tasked to assist the Board of Directors (the "Board") in defining and assessing Board membership criteria and in ensuring that a process that identifies and develops highly-qualified individuals to take on key board and board committee positions when vacancies occur is in place. The Committee shall pre-screen and shortlist all candidates nominated to become members of the Board as well as those nominated to other positions requiring appointment by the Board in accordance with the relevant qualifications and disqualifications.

#### **Membership**

The Committee shall consist of at least three (3) directors. As far as practicable, a majority of its members shall be independent directors, provided that the Chairman must always be independent.

#### **Meetings**

The Committee shall meet at least semi-annually or as often as necessary whenever a key vacancy occurs. Relevant information from meetings, such as the attendance of its members, shall be included in the Corporation's annual report.

#### **Duties and Responsibilities**

The Committee shall:

- Prepare and review the list of nominee-directors for election during the stockholders' meeting, ensuring that each director has the qualifications and none of the disqualifications pursuant to relevant regulations.
- Review and recommend to the Board, membership in the committees.
- Review and evaluate the qualifications of all persons nominated to positions in company, which require appointment by the Board
- Review and assess, at least annually, the adequacy of its charter and its overall performance; and recommend changes for the approval of the Board.
- Disclose the criteria it uses in the selection and nomination of members of the Board. This includes, but is not limited to, the proper profiling of the skills and competencies of the currently serving directors, the gaps in skills and competencies identified, and the search for candidates to fill the gaps.
- Use an external search agency or external bases for qualified corporate directors in its search for candidates to the Board.
- Adhere to the policy, consistent with rules and regulations, of submitting all directors for election or re-election once a year.

## ANNEX B

**GT CAPITAL HOLDINGS, INC.**

*GT Tower International, Ayala Avenue corner H.V. Dela Costa St., Makati City*

### **COMPENSATION COMMITTEE CHARTER**

#### **Purpose and Objective**

The Compensation Committee (the "Committee") is tasked to assist the Board of Directors (the "Board") in establishing a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.

#### **Membership**

The Committee shall be composed of at least three (3) directors, all of whom must be capable of exercising independent judgment and shall be non-executive directors. At least one member shall have accounting and finance backgrounds, and majority shall be independent directors, which shall include the Chairman of the Committee.

#### **Meetings**

The Committee shall meet at least semi-annually or more frequently should the need arise. Relevant information from meetings, such as the attendance of its members, shall be included in the Corporation's annual report.

#### **Duties and Responsibilities**

The Committee shall:

- Disallow any director to decide his or her own remuneration.
- 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 GT Capital Holdings, Inc.'s (the "Corporation") culture, strategy and control environment.
- Designate amount of remuneration, which shall be in a sufficient level 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 based on corporate and individual performance.

## ANNEX B

- 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.
- Ensure that the Corporation's annual reports and information and proxy statements include a clear, concise and understandable disclosure 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.
- Adopt policies to strengthen provisions on conflict of interest, salaries and benefits, promotion and career advancement directives and compliance with statutory requirements.
- Review and assess, at least annually, the adequacy of its charter and recommend changes for the approval of the Board.
- Disclose the remuneration policy of the Corporation. Remuneration shall cover: "fees, allowances, benefits in kind and other emoluments".
- Submit the remuneration structure for non-executive directors to shareholders for approval and specifically disclose any "options, performance shares or bonuses" for independent directors.
- Disclose the identity, independence, and absence of conflict of interest on the part of any adviser or consultant it may hire to assist the committee carry out its tasks.



## ANNEX C

### **GT CAPITAL HOLDINGS, INC.**

*GT Tower International, Ayala Avenue corner H.V. Dela Costa St., Makati City*

### **AUDIT COMMITTEE CHARTER**

#### **Purpose and Objective**

The Audit Committee (the "Committee") assists the Board of Directors (the "Board") in the performance of its oversight function over the company's financial reporting process, systems of internal control, internal and external audit processes, compliance monitoring procedures and risk management. It is primarily responsible for the appointment, re-appointment or removal of the external auditor.

#### **Membership**

The Committee shall be composed of at least three (3) Board members, all of whom must be capable of exercising independent judgment and shall be non-executive directors. At least one member shall have accounting and finance background, one of whom shall be an independent director and another with audit experience. The Chair of the Audit Committee shall be an independent director.

#### **Meetings**

The Committee shall meet regularly at least once every quarter. However, special meetings may be called by any member of the Committee or upon request of the internal or external auditors as the need arises subject to the required quorum. Relevant information from meetings, such as the attendance of its members, shall be included in the Corporation's annual report.

#### **Duties and Responsibilities**

The Committee shall:

- a) Provide oversight of the institution's Financial Reporting and Control and Internal and External Audit Functions.
- b) Be responsible for the setting up of the Internal Audit Division and for the appointment of the Internal Auditor or engagement of third party service provider of audit functions as well as the Independent External Auditor, the determination of audit fees and any issues of resignation or termination of auditors. Both internal as well as external auditors shall report directly to the Committee.

## ANNEX C

- c) Have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite director or executive officers to attend its meetings and adequate resources to enable it to effectively discharge its functions.
- d) Ensure that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.
- e) Review and approve audit scope and frequency and the Annual Internal Audit Plan.
- f) Discuss with the External Auditor before the audit commences the nature and scope of the audit.
- g) Receive and review reports of Internal and External Auditors and regulatory agencies, where applicable and ensure that management is taking appropriate measures and corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies.
- h) Review the quarterly, half year and annual financial statements before submission to the Board, focusing particularly on:
  - Any changes in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumption
  - Compliance with accounting standards
  - Compliance with tax, legal and other regulatory requirements
- i) Be responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations.
- j) Evaluate and determine non-audit work by External Auditor and keep under review the non-audit fees paid to the External Auditor, if any: both in relation to their significance to the auditor and in relation to the company's total expenditure on consultancy.
- k) Establish and identify the reporting line of the Internal Audit Head so that the reporting level allows the Internal Audit activity to fulfill its responsibilities. The Internal Audit Head shall report directly to the Audit Committee functionally and to the President/CEO administratively. The Committee shall ensure that the Internal Auditors shall have free and full access to all the company's records, properties and personnel relevant to the Internal Audit activity and that the Internal Audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results; and

## ANNEX C

shall provide a venue for the Committee to review and approve the Annual Internal Audit Plan.

- l) Provide oversight over the management's activities in managing investments, credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include receiving from management periodic information on risk exposures and risk management activities.
- m) Review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes.
- n) Address all issues and concerns from the auditors expeditiously and effectively to avoid the possibility of their having to render a qualified or adverse opinion, including substantive and significant disclaimers.
- o) Ensure that no revisions to the company's financial statements are necessary for reasons other than mandated changes in accounting practices.
- p) Certify in behalf of the Board of Directors as to the adequacy of the company's internal controls and risk management system.
- q) Approve all non-audit services conducted by the external auditor and ensure that non-audit fees do not outweigh the fees earned from the external audit.
- r) Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.
- s) Ensure that the external auditor has adequate quality control procedures
- t) Ensure that the external audit firm is selected on the basis of a fair and transparent tender process
- u) Conduct regular meetings and dialogues with the external audit team without anyone from management present
- v) Ensure that, should the external auditor not be rotated, that the lead audit partner is rotated every five years.

## ANNEX D

### GT CAPITAL HOLDINGS, INC.

*GT Tower International, Ayala Avenue corner H.V. Dela Costa St., Makati City*

### CORPORATE GOVERNANCE COMMITTEE CHARTER

#### PREAMBLE

Corporate Governance is the empowerment of the Board of Directors (the "Board") to achieve its vision, mission, and operational goals with Fairness, Accountability and Transparency. The Board is primarily responsible for Good Corporate Governance. The creation of a Corporate Governance Committee (the "Committee") as a Board-level committee is an important and desired tool to aid the Board in its primary responsibility for Good Corporate Governance. The Committee is therefore enjoined to strictly comply with the mandates contained in this Charter.

#### VISION, MISSION AND CORPORATE VALUES

The Committee shall be guided by the following Vision, Mission and Corporate Values of GT Capital Holdings, Inc. (the "Corporation"):

##### **Vision**

A world-class conglomerate, dominant in all the key sectors where it is invested, most sought after by global investors seeking opportunities for partnership in the Philippines, a major contributor to nation building.

##### **Mission**

GT Capital Holdings, Inc. a Philippine conglomerate with a strategic business portfolio, has a heritage of leadership in the vital sectors of financial services, insurance, property development, power generation and automotive sales and manufacturing that are essential to national development.

It has earned its stature of prominence in these key sectors by blending local ingenuity and resources with the technology and expertise of renowned global business partners.

Anchored on our core values of integrity, competence, respect, entrepreneurial spirit and commitment to value creation, we fulfill our mission to ensure sustainable long-term profitability, increase shareholder value, create synergies, provide career opportunities, and contribute to nation building.

##### **Corporate Values**

###### *Integrity*

Above everything else, we practice consistent adherence to ethical and moral values under all circumstances both from an institutional and individual basis. Such values are embedded in the corporate culture which has earned for us the trust and confidence of our clients, investors and business partners.

###### *Competence*

Each of the group subsidiaries and affiliates have a solid track record of consistently delivering excellence in all our products and services, resulting in the highest level of satisfaction to our customers and stakeholders which account for our continued success and leadership in each of the sectors where we are present.

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### *Respect*

We take a special regard for the individual, for their empowerment and the diversity of opinions, resulting in a more balanced view of our business proposition, open to different perspectives, constantly challenging assumptions and re-visiting previously set ways, within the framework of a shared vision and a shared corporate culture, with the end objective of constant improvement.

### *Entrepreneurial Spirit*

We believe in intelligent risk-taking, identifying key opportunities as they present themselves while holding each one accountable for doing the best thing today in order to reap future rewards. This is encouraged at all levels of the organization to constantly provide fresh insight.

### *Commitment to Value Creation*

We are committed to planting the seeds today that will result in the creation of shareholder value in the future. We believe that taking a long term and sustainable perspective is essential to creating value.

## **ARTICLE I**

### **CREATION**

Section 1. There is hereby created a Corporate Governance Committee to be composed of at least three (3) members of the Board, majority of whom shall be independent directors.

Section 2. The Board may appoint such other members, whether or not a member of the Board, from within or outside the Corporation, with or without voting rights. All decisions or resolutions of the Committee must have the affirmative vote of at least two (2) members of the Committee who are members of the Board.

## **ARTICLE II**

### **DUTIES AS TO INDEPENDENCE**

Section 1. The Committee shall see to it that the Board complies with the minimum requirement of two (2) qualified independent directors.

Section 2. The Committee shall seek a ratio of executive and non-executive directors, such that no individual or small group of individuals dominates the Board's decision making.

## **ARTICLE III**

### **RESPONSIBILITIES ON RELATED PARTY TRANSACTIONS**

Section 1. The Committee shall pass upon and provide clearance for related party transactions with material significance. In all cases, the Committee shall make its decision taking into consideration the best interest of the corporation.

Section 2. When passing upon related party transactions, the non-independent members of the Committee shall inhibit themselves from voting on the matter at hand.

Section 3. Loans or Assistance to a related party shall be prohibited, except when the following conditions are present:

## **ANNEX D**

- (a) Management has, based on the judgment of the Board, sufficiently justified the loan or assistance to the related party
- (b) The loan or assistance shall be provided on an arms' length basis
- (c) The terms and conditions of the loan do not deviate substantially from market terms and conditions and do not jeopardize the best interest of the company.

Section 4. Financial assistance shall not be granted to entities other than wholly owned subsidiaries of the Corporation.

### **ARTICLE IV**

#### **GOOD GOVERNANCE RESPONSIBILITIES**

Section 1. The Committee shall:

- (a) Be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines.
- (b) Oversee the periodic performance evaluation of the Board and its committees and executive management.
- (c) Conduct an annual self-evaluation of its performance.
- (d) Decide whether or not a director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g., competence, candor, attendance, preparedness and participation).
- (e) Make continuing recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the board members and senior officers and their remuneration commensurate with corporate and individual performance.
- (f) Decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria to be approved by the Board. Such performance indicators shall address how the Board has enhanced long term shareholder's value.
- (g) Conduct an annual review of the Company's Corporate Governance Charter, Manual on Corporate Governance, Corporate Strategy Map and the governance and any related scorecards.

Section 2. Appropriate policies and procedures shall be established to identify potential conflict of interest.

### **ARTICLE V**

#### **FINANCIAL AND OPERATIONAL REPORTING**

Section 1. Reports must contain performance measure, financial or non-financial, which will enable the Board to assess the efficiency and effectiveness of the organization.

Section 2. Reports must efficiently and effectively communicate key financial data, show a comparison between year-to-date, last year-to-date, and full year date budgets and actual results, supported by explanations of significant variances.

## **ANNEX D**

Section 3. Financial reports must be provided to the Board members prior to the board meeting.

Section 4. Financial reports must be derived directly from the underlying accounting systems and must undergo a quality assurance process to determine compliance with reporting standards.

### **ARTICLE VI**

#### **BOARD COMMITTEES**

Section 1. The required Board committees must be properly set-up with the minimum required membership as mandated by existing laws, rules and regulations.

Section 2. The minimum mandated committees shall include the following:

- (a) Executive Committee
- (b) Audit Committee
- (c) Corporate Governance Committee
- (d) Nomination Committee
- (e) Compensation Committee

Section 3. The committees shall submit their respective charters and amendments thereto, for approval by the Board.

### **ARTICLE VII**

#### **INTERNAL AUDITOR**

Section 1. There shall be an independent internal audit function which shall be performed by an internal auditor through which the Board is provided with reasonable assurance that key organizational and procedural controls are effective, appropriate and complied with.

Section 2. The internal auditor shall report to the Audit Committee.

Section 3. Internal audit examinations must cover at least:

- (a) The evaluation of adequacy and effectiveness of controls encompassing the entity's governance, operations, information systems, including reliability and integrity of financial and operational information
- (b) Efficiency and effectiveness of operations
- (c) Safeguarding of assets
- (d) Compliance with laws, rules and regulations and code of conduct.

Section 4. Internal audit activities must be conducted in accordance with the Standards for the Professional Practice of Internal Auditing.

Section 5. The internal auditors must have free and full access to all the company's records, properties and personnel relevant to the internal audit functions.

Section 6. The Audit Committee shall be constituted pursuant to prevailing laws, rules and regulations.

## **ANNEX D**

### **ARTICLE VIII**

#### **EXTERNAL AUDITOR**

Section 1. The Board shall engage an external auditing firm from among the firms accredited by the appropriate government regulatory authority.

Section 2. The handling audit partner shall be rotated every five years.

Section 3. Non-audit work of the auditing firm shall not be in conflict with its functions as external auditor.

### **ARTICLE IX**

#### **DISCLOSURE AND TRANSPARENCY**

Section 1. There shall be public disclosure of all material information, such as, earning results, acquisition or disposal of assets, board changes, related party transactions or changes of ownership, corporate strategy and off balance sheet transactions.

### **ARTICLE X**

#### **CORPORATE GOVERNANCE CODE**

Section 1. The Corporate Governance Manual adopted by the Corporation shall form an integral part of this Charter.



# ANNEX E

## **GT CAPITAL HOLDINGS, INC.**

*GT Tower International, Ayala Avenue corner H.V. Dela Costa St., Makati City*

### **EXECUTIVE COMMITTEE CHARTER**

#### **Purpose**

The purpose of the Executive Committee (the "Committee") of the Board of Directors (the "Board") of GT Capital Holdings, Inc. ("GT Capital") is to exercise all of the powers and authority of the Board when the Board is not in session, or when it is impractical to assemble the Board.

#### **Membership**

The Board shall appoint from among its members an Executive Committee composed of not less than three (3) members, a majority of whom shall be citizens of the Philippines, and shall designate one of such members as Chairman of the Committee and another one as Vice Chairman.

The Board may at any time increase or decrease the membership of the Committee. Vacancies shall be filled by a majority vote of the Board.

A majority of all the members of the Committee shall constitute a quorum. An affirmative vote of a majority of the members present and constituting a quorum at a duly-called meeting shall be required to pass a decision.

#### **Meetings**

The Committee shall meet upon call of the Chairman and in his absence, by the Vice-Chairman.

#### **Powers, Duties and Responsibilities**

The Committee shall:

- Act on such specific matters within the competence of the Board as may from time to time be delegated to the Committee in accordance with GT Capital's By-Laws, except with respect to:
  - Approval of any action for which shareholders' approval is also required
  - The filling of vacancies in the Board or the Committee
  - The amendment or repeal of By-Laws or the adoption of new By-Laws
  - The amendment or repeal of any resolution of the Board which by its express terms is not so amenable or repealable
  - The declaration of cash dividends
  - The exercise of powers delegated by the Board exclusively to other committees

An act of the Committee which is within the scope of its powers shall not require ratification or approval for its validity and effectivity, provided however that the Board may at any time enlarge or redefine the powers of the Committee.

- Report all its actions to the Board, which may subject such actions to revision or alteration; provided that no rights or acts of third parties shall be prejudiced.

5. Promote the professional development and training of Risk Oversight Committee members as well as the Company's personnel engaged in both risk management and control activities and risk-taking activities;
6. Create and promote a risk culture that requires the highest standards of ethical behavior among all personnel; and
7. Jointly, with the Company's Audit Committee, certify on behalf of the Board of Directors as to the adequacy of the Company's internal controls and risk management system in the Annual Report.

## MEETINGS

The Risk Oversight Committee shall meet regularly at least every quarter. However, special meetings may be called by any member as the need arises subject to the required quorum. The ROC Chairman, in coordination with the Risk Management Officer, will develop the agenda for each meeting and the Committee Secretary shall send out a copy of the agenda and requisite notice to members before the meeting date. Minutes of Risk Oversight Committee meetings will be kept and distributed to all members. Committee reports and recommendations will be prepared and appropriately distributed as ongoing Committee activities dictate.

## OTHERS

Appropriate authority and resources shall be allocated to enable the Risk Oversight Committee to discharge its duties and responsibilities under this Charter.

## ANNEX G

GT CAPITAL HOLDINGS, INC.

*GT Tower International, Ayala Avenue corner H.V. Dela Costa St.,  
Makati City*

### WHISTLE BLOWING POLICY

#### A. Overview of the Whistleblowing Policy

GT Capital Holdings, Inc. (the "Company") is committed to maintaining the highest standards of transparency, probity and accountability, and in furtherance of these values, the Company shall conduct its operations in a manner consistent with its stature as a publicly listed company and in compliance with all applicable laws, rules and regulations. The Company strictly prohibits fraudulent practices and unethical conduct by any of its **board members, officers, and employees**. This Policy defines who qualifies as a whistleblower, outlines a procedure for whistleblowers to report in good faith such acts or omissions that he or she reasonably believes violates a law, rule or regulation, or constitutes unethical conduct or fraudulent accounting or other practices, and provides certain protections for Whistleblowers.

#### B. Scope and Applicability

A whistleblower includes, but is not necessarily limited to, the Company's directors, officers, employees (whether regular, probationary, project, or casual employees), former employees, consultants, advisers, trainees and interns, agents, representatives and other stakeholders of the Company. Individuals who provide supporting information at an investigation or proceeding or those who assist or attempt to assist a whistleblower shall be treated as a whistleblower and extended the same protection under this Policy.

#### C. General Guidelines

If a whistleblower has a reasonable and good faith belief that the Company or any person connected to the Company has engaged in any act, or has failed to do a particular act that:

1. results in the violation of any applicable law, rule or regulation, including, but not limited to those concerning accounting and auditing;
2. constitutes a fraudulent practice or unethical conduct;
3. poses health and safety risks, including risks to the public or to the Company's employees;
4. deliberately conceals or covers up information or evidence pertaining to any matter in the foregoing enumeration

## ANNEX G

5. violates the rules and regulations of the Company or the Code of Conduct

the whistleblower is expected to immediately report such information to the Chief Audit Executive (the "CAE"), providing the following details:

1. Name
2. Address
3. Tel no.
4. Email
5. Date
6. Names of those involved
7. Details of concerns
  - a. Names
  - b. Dates
  - c. Places
  - d. Reasons for concerns
  - e. Supporting evidences/documents

### PROCEDURE

1. Reports, by employees and non-employees, may also be submitted by email to [governance@gtcapital.com.ph](mailto:governance@gtcapital.com.ph), access rights of which shall be with the CAE. The whistleblower shall not be bound by existing Confidentiality Agreements, Non-Disclosure Agreements, or similar agreements when making a report.
2. Based on the complexity of the situation, the sensitivity of the issue or person, or amount or person involved, the CAE shall have the discretion to investigate the report himself/herself, to appoint an investigating officer, to create a special Task Force either internally or outsourced to investigate the matter independently, or to elevate the report to the Discipline, Ethics, and Values Committee (the "Committee") composed of the following: Head of Human Resources and Administration, Head of Legal and Compliance and the CAE. .
3. The Company shall provide the Committee with sufficient support and resources to enable its members or a Task Force created for this purpose, to conduct a fair, thorough and impartial investigation. During the course of the investigation the whistleblower shall be allowed to effectively follow up his or her report and a response shall be provided by the Committee within a reasonable time.
4. The Committee shall complete its investigation and present its findings and recommendation to the Company's Corporate Governance Committee within sixty (60) calendar days from receipt of the report unless more time is required under the circumstances.

## ANNEX G

### CONFIDENTIALITY

Recognizing that the decision to report a concern may be difficult to make, the Corporate Governance Committee and the Company will strive to maintain the anonymity of the whistleblower, and shall not reveal the whistleblower's identity without his or her explicit consent while conducting an adequate review and investigation. At the appropriate time, however, the whistleblower may have to come forward as a witness before a court or quasi-judicial agency or tribunal. In case the identity of the whistleblower is revealed without his or her consent by any employee of the Company, the Committee may recommend appropriate sanctions, including dismissal of the employee who revealed the identity of the whistleblower.

### NON-RETALIATION POLICY

Aside from maintaining the confidentiality of the identity of the whistleblower, the Company will not retaliate against a whistleblower who is an employee of the Company in the terms and conditions of employment. Such retaliation or reprisal tactics include:

1. punitive transfers
2. harassment
3. reduced duties or hours
4. withholding of professional promotion or training
5. discrimination and disadvantages in the workplace
6. direct and indirect disciplinary action
7. loss of seniority rights or benefits
8. unfair dismissal
9. threats of other action

However, any action which is similar or analogous to any of the foregoing retaliatory acts, which are set forth as penalties in the Company's code of conduct or company policies, rules and regulations, that may be taken by the Company against an employee who is also a whistleblower shall not be considered retaliation if the Company shows through clear and convincing evidence that the whistleblower-employee has committed or has been involved in any act that is in violation to the Company's Code of Conduct and other policies, whether it is or in no sense connected with or motivated by the act of whistleblowing.

The Company may take disciplinary action against an officer or employee who has engaged in retaliatory conduct in violation of this Policy which may include termination or dismissal.

### FALSE REPORTS

This Policy shall not apply when, after due investigation, it is found that the whistleblower intentionally made a false statement, or that the report made was frivolous or vexatious. In such case the whistleblower may be subjected to sanctions under Company policy, or appropriate law, rule or regulation.

## **ANNEX G**

### **ENFORCEMENT AND REVIEW**

This Policy shall at all times be consistent with and shall supplement any whistleblower law, act or rule enacted by Congress or appropriate regulatory agency. The effectiveness of this Policy in practice shall be periodically evaluated and reviewed by the Committee, and amended if necessary.

A copy of this Policy shall be posted on the Company's website to ensure proper dissemination and to promote and raise awareness of the Policy.