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# SECURITIES AND EXCHANGE COMMISSION

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(Company's Full Name)

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 Contact Person

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 Company Telephone Number

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Month	Day

  
 Fiscal Year

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Month	Day

  
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GT CAPITAL HOLDINGS, INC.

MANUAL  
ON  
CORPORATE  
GOVERNANCE

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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" or "Corporation"), in line with its vision to be a public 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.*

### 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, 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, is shall provide an independent check on the 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 shareholders 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 and its stockholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- 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.

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

- 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:

- 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.

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

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

- 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.

- Exercise independent judgment.

A director should view each problem or situation objectively. If a disagreement with other director 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.

- 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 shall have the qualifications and none of the disqualifications as embodied in relevant SEC regulations and in the By-laws of the corporation.

### **2.2 Board Committees**

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

#### **2.2.1 Nomination Committee**

- 2.2.1.1** The Board shall create a Nomination Committee which shall have at least three (3) voting directors, one (1) of whom must be independent. Frequency of meeting shall be at least annually. It shall have a charter approved by the Board of Directors and reviewed and updated at least annually.

##### **Refer to the Nomination 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 in other positions requiring appointment by the Board of Directors in accordance with the following qualifications and disqualifications.

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

- Holder of at least one thousand (1,000) share of stock of the Corporation, which share shall stand in his name in the books of the corporation.
- He shall be at least twenty-five (25) years of age at the time of his election or appointment;
- He shall be at least a college graduate or have at least five (5) years experience in business;
- He must have attended a special seminar for board of directors conducted or accredited by the regulatory bodies; and

- He must be fit and proper for the position of a 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.

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

#### **Disqualifications of a Director**

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

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

- 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;

- 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;
- Any person judicially declared to be insolvent;
- 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 (i) to (v) above;
- 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.
- 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:

- Refusal to comply with the disclosure requirements of the SRC and its IRR the disqualification shall be in effect as long as the refusal persists.
- Absence in more than fifty percent (50%) of all regular and special meetings of the Board 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.
- 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.

- 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.
- 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 Nomination 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 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. In any case, the capacity of directors to serve with diligence shall not be compromised.

## **2.2.2 Compensation Committee**

**2.2.2.1** The Compensation Committee shall be composed of at least three (3) members of the Board, and 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 to

ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.

- 2.2.2.2** The Compensation Committee shall have a written charter that describes the duties and responsibilities. This charter shall be approved by the Board of Directors and reviewed and updated at least annually. The committee shall meet 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, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director. It shall have two independent directors, including the Chairman.

- 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**

- 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;
- 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;
- 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;
- 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;
- 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;

- 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;
- Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- Review the reports submitted by the internal and external auditors;
- 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.
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- 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;
- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

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

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

## **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, 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 and objective performance criteria approved by the Board.

## **2.3 Management**

**2.3.1** The roles of the Chair 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 members of the Board of Directors or its committees with complete, adequate and timely information about the matters to be taken in their meeting.

**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.

## **2.4 The Corporate Secretary**

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

### **2.4.1 Duties and Responsibilities**

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the Board and its committees, as well as the other official records of the corporation;
- Be loyal to the mission, vision and objectives of the corporation;
- Work fairly and objectively with the Board, Management and stockholders;

- Have appropriate administrative and interpersonal skills;
- 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;
- 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;
- Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents prevent him from doing so;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- Submit reports to the Commission as required under existing rules

## 2.5 Compliance Officer

2.5.1 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

### 2.5.2 Duties and Responsibilities of a Compliance Officer

- 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 repetition of the violation.
- Appear before the Securities and Exchange Commission and other regulatory agencies upon summon on similar matters that need to be clarified by the same.
- Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from same.

2.5.3 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 said Officer.



## **2.6 External Auditor**

- 2.6.1** An external auditor shall be selected and appointed by the stockholders upon recommendation of the Board after consultations with the Audit Committee, who 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.
- 2.6.2** 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.
- 2.6.3** 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.
- 2.6.4** The company's external auditor shall be rotated or the signing partner shall be changed every five (5) years or earlier.
- 2.6.5** If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.
- 2.6.6** The external auditor shall be subject to rules and regulations as prescribed by the SEC.

## **2.7 Internal Auditor**

- 2.7.1** 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.
- 2.7.2** The Internal Auditor shall have a direct reporting line to the Audit Committee.
- 2.7.3** 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.
- 2.7.4** 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.

**2.7.5** 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.

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

### **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**

- 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 a public 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.
- 5.5 The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

## **6. SHAREHOLDERS' BENEFIT**

The company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its 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 Voting Right**

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

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

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

#### **6.3 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

#### **6.4 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.

## **6.5 Right to Information**

- 6.5.1** 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.
- 6.5.2** 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.
- 6.5.3** 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 Right to Dividends**

- 6.6.1** Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- 6.6.2** The company 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 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.

- 6.8** 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 L. 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 a member of the Board as well as those nominated in other positions requiring appointment by the Board in accordance with the relevant qualifications and disqualifications.

#### **Membership**

The Committee shall consist of three (3) directors, one (1) of whom shall be an Independent Director.

#### **Meetings**

The Committee shall meet at least annually or as often as necessary whenever a key vacancy occurs.

#### **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.

## 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) members of the Board, and one of whom shall be an independent director.

#### **Meetings**

The Committee shall meet at least annually or more frequently should the need arise.

#### **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 attract and retain directors and officers who are needed to run the Corporation successfully.
- 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

## ANNEX B

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

- Provide in the Corporation's annual reports, a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing 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.



## 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.

#### **Membership**

The Committee shall be composed of at least three (3) Board members, preferably with accounting, auditing or related financial management expertise or experience, at least two (2) of whom shall be independent directors including the Chairman.

#### **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.

#### **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.
- 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.

## ANNEX C

- 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 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

## ANNEX C

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.

## 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.

#### 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, two (2) of whom shall be independent directors.

Section 2. The Board may appoint such other members, whether or not member of the Board, from within or outside the corporate organization of GT Capital Holdings, Inc. (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.

## **ANNEX D**

### **ARTICLE III**

#### **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.

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

### **ARTICLE IV**

#### **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.

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.

## **ANNEX D**

### **ARTICLE V**

#### **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 VI**

#### **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 VII**

#### **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 VIII**

#### **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 IX**

#### **CORPORATE GOVERNANCE CODE**

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