

COVER SHEET

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S.E.C Registration Number

M A B U H A Y V I N Y L C O R P O R A T I O N

(Company's Full Name)

3 / F P H I L A M L I F E S A L C E D O C E N T E R
1 2 6 L P L E V I S T E S T S A L C E D O
V I L L A G E , M A K A T I C I T Y

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

Mr. Edwin Li. Umali/ Atty. Ma. Melva E. Valdez

Contact Person

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Company Telephone Number

1 2
Month

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Day

Amended Manual on
Corporate Governance

FORM TYPE

April 24
Month Day
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

2,419 as of 30 June 2014

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

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Document I.D.

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STAMPS

MABUHAY VINYL CORPORATION

AMENDED MANUAL ON CORPORATE GOVERNANCE

(As Amended on 24 July 2014)

The Board of Directors (BOD) and Management of **MABUHAY VINYL CORPORATION** ("MVC") hereby commit themselves to the principles of good corporate governance contained in this Manual as guide in the performance of their functions and accomplishment of MVC's goals and objectives.

I. OBJECTIVE

This Manual shall institutionalize MVC's principles of good corporate governance. The MVC BOD, Management, employees and shareholders believe that the same is necessary in order to sustain good strategic business management. Best efforts shall therefore be exerted in the promotion of the same within MVC's organization.

II. COMPLIANCE SYSTEM

1. COMPLIANCE OFFICER

To ensure adherence to corporate principles and best practices, the BOD shall appoint a Compliance Officer who shall hold the position of a Vice President or its equivalent, and shall have direct reporting responsibilities to the BOD Chairman in accordance with the procedure duly approved by the BOD. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

The Compliance Officer shall perform the following duties and responsibilities:

- Monitor compliance by the Corporation with this Manual, the Revised Code of Corporate Governance ("Revised Code") and the rules and regulations of regulatory agencies.
- Appear before the Securities and Exchange Commission (SEC) when summoned in relation to compliance with this Manual and with the Revised Code.

- Determine violation/s of the Revised Code and of this Manual and recommend to the BOD the penalty/ies and remedy/ies in accordance with the procedure duly approved by the BOD.
- Issue a certification every January 30th of the year on the extent of MVC's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same year.
- Identify, monitor and control compliance risks in coordination with the BOD, Committees and Management.
- Any other related functions / duties as may be specified by the BOD.

The appointment of the Compliance Officer shall immediately be disclosed to the Securities and Exchange Commission (SEC). All correspondence relative to his functions as such shall be addressed to said Officer.

2. PLAN OF COMPLIANCE

Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors (BOD).

It shall be the BOD's responsibility to foster MVC's long-term success and ensure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which shall be exercised in the best interest of MVC, as well as its shareholders and other stakeholders. To ensure a high standard of best practice for the corporation, its stockholders and other stakeholders, the Board should conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

Composition

2.1.1.1. The BOD shall be composed of eleven (11) members, two (2) of whom shall be independent directors. The directors shall have all the qualifications and none of the disqualifications provided in this Manual, Articles of Incorporation, By-Laws, Corporation Code, Securities Regulation Code and other existing laws, including its implementing rules and regulations.

2.1.2. General Responsibility

A Director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. He shall exercise leadership, prudence and integrity.

All Directors shall act with honesty and good faith, respect all the rights of all shareholders and comply with the spirit, as well as the letter of the law, mindful that the duties of a director requires high ethical standards of behavior.

Where a potential conflict of interest arises, a Director must adhere to procedures provided by law and policies of the company. The Directors should ensure that there is transparency in all their decisions and that there is full and accurate disclosure of all material information on the financial and opening results of the company.

2.1.3. Duties and Functions

The BOD shall perform the following stewardship responsibilities:

- Determine MVC's purpose, vision and mission, as well as strategies and general policies in order to ensure that MVC shall survive and thrive despite financial crises. It shall periodically monitor the implementation of such strategies and policies.
- Establish and maintain a process of selection and appointment of competent directors and officers/ employees, possessing integrity, competence and professionalism, and a professional development program for officers / employees, as well as a succession planning for the senior management.
- Ensure that MVC shall comply with all relevant laws, rules and regulations and codes on best business practices.
- Identify MVC's major and other stakeholders and formulate a policy on communicating or relating with them through an effective investor relations program, which shall be under the supervision of the President of MVC.
- Identify the corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.

- 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 sibling and parents and of interlocking director relationship by members of the Board.
- Adopt a system of internal checks and balance; and regularly review the effectiveness of the same in order to ensure that the decision-making capability and the integrity of corporate operations and reporting systems are maintained at high levels at all times.
- Endeavor to provide appropriate technology and systems, as well as identify key risk areas and key performance indicators and monitor these factors with due diligence.
- Constitute and oversee the following committees and act appropriately on any and all recommendations thereof:
 - a. Executive Committee
 - b. Nominations Committee
 - c. Executive Compensation Committee
 - d. Audit Committee
- Properly discharge BOD functions by meeting regularly. Independent views during the meetings shall be given due consideration and all such meetings shall be duly minuted.
- Keep BOD authority within the powers of the institutions as prescribed in the Articles of Incorporation, By-Laws and existing laws, rules and regulations.
- 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 the regulatory authorities.

2.1.4. *Specific Duties and Responsibilities of a Director*

A Director of MVC shall have the following duties and responsibilities:

- Conduct fair business transactions with MVC and ensure that his personal interest does not conflict with the interests of the Corporation.
- Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.
- Act judiciously.
- Exercise independent judgment.
- Acquire a working knowledge of the statutory and regulatory requirements affecting MVC, including the contents of its Articles of Incorporation and By-Laws, the requirements of the other regulatory agencies.
- Observe confidentiality
- Ensure the continuing soundness, effectiveness and adequacy of MVC's internal control, checks and balances.
- To uphold the interest of the Corporation whenever a conflict of interest arises.

2.1.5. *Information to Directors*

The Directors must be provided with all the requested information for proper decision-making and evaluation of the performance of the company within a reasonable period of time.

The Corporate Secretary shall keep the BOD informed of new applicable laws, SEC and PSE rules and regulations affecting the company within a reasonable period of time.

2.1.6. *Attendance of Independent Directors at BOD Meetings*

An independent director should always attend meetings of the BOD. However, his absence shall not affect the quorum requirement if he is duly notified of the meeting.

To monitor compliance with the above, MVC shall submit to the SEC a sworn certification on the record of attendance of the directors in Board meetings on or before January 30 of every year through a current report (SEC Form 17-C) or in a separate filing.

2.1.7. BOD Committees

To aid in complying with the principles of good corporate governance, the BOD shall constitute the following Committees, which shall directly report to the BOD in accordance with procedures duly approved by the BOD:

2.1.7.1. Executive Committee

The BOD shall create an Executive Committee, which shall be composed of not less than three (3) members of the BOD, including the Chairman thereof, to be appointed by the BOD; and shall serve for a period of one (1) year or until successor/s shall have been duly appointed and qualified.

The Executive Committee shall act by majority vote of all its members on such specific matters within the competence of the BOD as may be delegated to its by the BOD, except with respect to the following:

1. Approval of any action for which a shareholders' approval is also required;
2. Filling of vacancies in the BOD;
3. Amendment or repeal of By-Laws or the adoption of new By-Laws;
4. Amendment or repeal of any resolution of the BOD, which by its express terms is not so amenable or repealable; and
5. Distribution of cash dividends to the shareholders.

2.1.7.2. Nominations Committee

The BOD shall create a Nominations Committee, which shall be composed of not less than three (3) Directors, including one (1) Independent Director, to be appointed by the BOD; and shall serve for a period of one (1) year or until successor/s shall have been duly appointed and qualified.

The Nominations Committee shall act by majority vote of all its members on matters concerning the determination and eligibility of those nominated as Directors and on such other related matters as may be delegated to it by the BOD.

2.1.7.2.1. Any stockholder shall submit in writing to the BOD nomination/s for BOD elections within the period as may be fixed by the BOD in accordance with the By-laws of the Corporation before the date of the annual meeting of the stockholders or special meeting called for such purpose.

The Nominations Committee shall pre-screen and shortlist all candidates nominated to the BOD elections in accordance with the following qualifications and disqualifications and shall submit the same to the BOD for further review and approval:

General Qualifications

- He shall be a stockholder having at least five thousand (5,000) shares of stock registered in his name.
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education.
- He shall be at least twenty-one (21) years of age.
- He shall have proven to possess integrity and probity.
- He shall be assiduous.
- He shall possess such other qualifications as may be determined by the Nominations Committee; subject, however to review and approval by the BOD.

Special Qualifications for Independent Directors

A regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an Independent Director after a two (2) year "cooling off" period.

Persons appointed as Chairman "Emeritus", "Ex-Officio" Directors/Officers or members of any Executive Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities shall be subject to a one (1) year "cooling-off period" prior to his qualification as an Independent Director.

Permanent Disqualifications

The following shall be grounds for the permanent disqualification 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 Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

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

- 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 finally found by SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation

Code, the Corporation Code, or any other law administered by SEC or *Bangko Sentral ng Pilipinas*, or any rule, regulation or order of SEC or *Bangko Sentral ng Pilipinas*.

- 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 listed in the foregoing paragraphs.
- 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.
- Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;
- Any person who possesses such other disqualification as may be determined by the Nominations Committee; subject, however, to review and approval by the BOD.

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

- Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.
- Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
- Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity.
- If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two (2) percent of its

subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

- Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

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

2.1.7.2.2. The Nominations Committee shall consider the following guidelines in the determination of the number of directorship for the BOD:

- MVC's business.
- Age of the director.
- Number of directorships/active memberships and officerships in other corporations or organizations.
- Possible conflict of interest.

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

2.1.7.2.3. The President/Chief operating Officer (COO) and other executive directors may submit themselves to low indicative limit on membership in other corporate BOD. The same low limit may 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.

2.1.6.3. Executive Compensation Committee

The BOD shall create an Executive Compensation Committee, which shall be composed of not less than three (3) Directors, one of whom shall be an Independent Director, to be appointed by the BOD; and shall serve for a period of one (1) year or until successor/s shall have been duly appointed and qualified.

The Executive Compensation Committee shall act by majority vote of all its members on the following matter:

- Establishment of a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of by-laws officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with MVC's culture, strategy and internal control environment.
- Determination of appropriate amount of remuneration/compensation, which shall be in a sufficient level to attract and retain directors and by-laws officers who are needed to run the company successfully.
- Establishment of a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and by-laws officers.
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that once hired.
- Disallowance of any director to decide his own remuneration.
- Clear disclosure of compensation of MVC's executive officers for the previous fiscal year and the ensuing year in MVC's annual reports, information and proxy statements.
- Establishment and promotion of Human Resources Development, as well as drafting of the corresponding Personnel Handbook, to strengthen policies regarding conflict of interest, salaries and benefits, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.
- Such other related matters delegated to it by the BOD.

2.1.7.4. Audit Committee

The BOD shall create an Audit Committee, which shall be composed of not less than three (3) directors, including one (1) Independent Director who shall act as the Chairman thereof, to be appointed by the BOD; and shall serve for a period of one (1) year or until successor/s shall have been duly appointed and qualified. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment.

The Audit Committee shall act by majority vote to all its members on the following matters:

- Review of all financial reports against its compliance with both the internal financial management policies and pertinent accounting standards, including regulatory requirements.
- Overseeing of company's financial management specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management.
- Pre-approval of all audit plans, scope and frequency one (1) month before the conduct of internal, as well as external, audit.
- Performing direct interface functions with the internal and external auditors.
- Establishment and overseeing of the company's internal audit department. The Head of the same shall render an annual report on the department's activities, purposes and responsibilities relative to the audit plans and strategies approved by the Audit Committee, as well as significant risk exposures and control issues, corporate governance issues and other matters delegated by the BOD.
- Recommend to the BOD the appointment of an internal auditor and independent external auditor.
- Elevating to international standards the accounting and auditing process, practices and methodologies, and develop the following in relation to this reform:
 - a. A definitive timetable within which MVC's accounting system will be 100% International Accounting Standard (IAS) compliant.
 - b. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- Development of a transparent financial management system that will ensure the integrity of internal control activities throughout the company.
- Setting up of 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.
- Such other related matters delegated to it by the BOD.

2.2. CORPORATE SECRETARY

The BOD shall appoint the Corporate Secretary and an Assistant Corporate Secretary for a period of one (1) year or until their successors shall have been duly appointed and qualified.

The Corporate Secretary may be designated by the BOD to act as Compliance Officer referred to in this Manual.

2.2.1. The Corporate Secretary and the Assistant Corporate Secretary shall be Filipino citizens.

2.2.2. Considering his varied functions and duties, the Corporate Secretary must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills. He is an officer of the company and perfection in performance and no surprises are expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of MVC comes with his duties.

The duties and responsibilities of the Corporate Secretary shall be as follows:

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to MVC.
- As to agenda, get a complete schedule thereof at least for the current year and put the BOD on notice before every meeting.
- Assist the BOD in making business judgment in good faith and in the performance of their responsibilities and objections, as well as ensure that BOD procedures and applicable rules and regulations are being followed and complied with.
- Attend all BOD meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents prevent him from doing so, and maintain record of the same.
- Work fairly and objectively with the Board, Management, stockholders and other stakeholders.
- Submit to SEC, on or before 30 January of every year, a Certification as to the attendance of the directors during BOD meetings.

The Assistant Corporate Secretary shall perform the duties and responsibilities of the Corporate Secretary in the latter's absence or incapacity.

2.3. EXTERNAL AUDITOR

The stockholders, upon the recommendation of the BOD, shall select and appoint MVC's External Auditor, who shall enable an environment of good corporate governance as reflected in MVC's financial records and reports. The External Auditor shall be appointed for a period of one (1) year or until his successor shall have been duly appointed and qualified.

2.3.1. 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.

2.3.2. The external auditor shall not, at the same time, provide the services of an internal auditor to the same client. MVC shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.

2.3.3. MVC's external auditor shall be rotated or the signing partner thereof shall be changed every five (5) years, or earlier upon the recommendation of the Audit Committee.

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

2.3.5. Before finalization, the external auditor, with the Senior Partner thereof, shall present to the BOD the year-end report for review and approval.

2.4. INTERNAL AUDITOR

The BOD, upon the recommendation of the Audit Committee, shall appoint an Internal Auditor, who shall establish and manage MVC's internal audit system in order to provide the BOD, senior management, and stockholders

with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The Internal Auditor shall be appointed for a period of one (1) year or until his successor shall have been duly appointed and qualified. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

2.4.1. The Internal Auditor shall report to the Audit Committee.

2.4.2. 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
- The extent of regulatory compliance

The minimum internal control mechanisms for management's operational responsibility shall center on the President/CEO, being ultimately accountable for the reasonable hours of any business day.

III. COMMUNICATION PROCESS

This Manual shall be available for inspection by any stockholders of MVC at reasonable hours of any business day.

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.

An adequate number of printed copies of this Manual must be reproduced under the supervision of the HRD, with a minimum of at least one (1) hard copy of the Manual per department.

IV. TRAINING PROCESS

A director shall, before assuming as such, be required to attend a seminar on corporate governance, which shall be conducted by a duly recognized private or government institute.

If necessary, funds shall be allocated for the purpose of conducting an orientation program or workshop to operationalize this Manual.

V. REPORTORIAL OR DISCLOSURE SYSTEM OF MVC'S CORPORATE GOVERNANCE POLICIES

1. The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by MVC's Compliance Officer.

2. 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 of ownership.

All material information about the corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

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.

All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

3. The Board shall commit at all times to fully disclose 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.

VI. SHAREHOLDERS' BENEFIT

MVC 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 MVC and all its investors:

1. Investors' Rights and Protection

1.1 *Right of Investors/Minority Interest.* The BOD shall be committed to respect the following rights of the stockholders:

- **Voting Right**
 - a. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
 - b. Cumulative voting shall be used in the election of directors.
 - c. A director shall not be removed without cause if it will deny minority shareholders' representation in the BOD.

- **Pre-Emptive Right**

All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or in any amendment thereto. They shall have the right to subscribe to the capital stock in accordance with MVC's Articles of Incorporation.

- **Power of Inspection**

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

- **Right to Information**

- a. 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.

- b. 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.

- c. 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".

- **Right to Dividends**

- a. Shareholders shall have the right to receive dividends subject to the discretion of the BOD.

- b. The BOD shall be compelled to declare dividends when its retained earnings shall be in excess of one hundred percent (100%) of its paid-in capital stock, except:

- b.1. when justified by definite corporate expansions projects or programs approved by the BOD; or

- b.2. 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

- b.3. when it can be clearly shown that such retention is necessary under special circumstances obtaining, such as when there is a need for special reserve for probable contingencies.

- **Appraisal Right**

The shareholders 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:

- a. In case of any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

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

- c. In case of merger or consolidation.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' right 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 shareholders information necessary to make informed decisions subject to legal constraints.

- 2. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should

be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

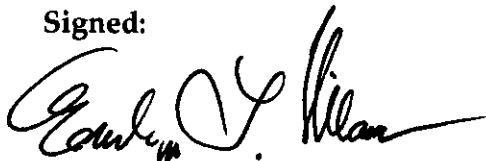
VII. MONITORING AND ASSESSMENT

1. Each Committee shall report regularly to the Board of Directors.
2. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual; subject, however, to the adoption and approval by the BOD. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part VIII of this Manual.
3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A) or in such applicable form of report.
4. This Manual shall be subject to review on a regular basis.
5. All business processes and practices being performed within any department or business unit of MVC that are not consistent with any portion of the Manual shall be considered revoked.

VIII. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

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 provisions of this Manual.
 - a. In case of first violation, the subject person shall be reprimanded.
 - b. Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
 - c. For third violation, the maximum penalty of removal from office shall be imposed.
2. The commission of a third violation of this Manual by any member of the BOD of MVC or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.
3. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the BOD the imposable for such violation, for further review and approval of the Board.

Signed:



EVELYN L. VILLANUEVA
Chairperson