



July 14, 2014

Philippine Dealing and Exchange Corp.
37/F Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati City

Attention: Ms. Vina Vanessa S. Salonga
Head – Issuer Compliance and Disclosure Department

Gentlemen:

We submit herewith a copy of PLDT's Manual on Corporate Governance, as amended by the PLDT Board of Directors on July 8, 2014, filed with the Securities and Exchange Commission (SEC). The said Amended Manual was filed in compliance with SEC Memorandum Circular No. 9, Series of 2014.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ma. Lourdes C. Rausa-Chan", is written above the printed name.

MA. LOURDES C. RAUSA-CHAN
Corporate Secretary



July 14, 2014

Philippine Stock Exchange
3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Gentlemen:

We submit herewith a copy of PLDT's Manual on Corporate Governance, as amended by the PLDT Board of Directors on July 8, 2014, filed with the Securities and Exchange Commission (SEC). The said Amended Manual was filed in compliance with SEC Memorandum Circular No. 9, Series of 2014.

This shall also serve as the disclosure letter for the purpose of complying with the PSE Revised Disclosure Rules.

Respectfully yours,


MA. LOURDES C. RAUSA-CHAN
Corporate Secretary



107152014000735

**SECURITIES AND EXCHANGE COMMISSION**

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Company Information

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Industry Classification

Company Type Stock Corporation

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July 14, 2014

SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA
Mandaluyong City

Attention: Atty. Justina F. Callangan
Director – Corporate Governance and Finance Department

Gentlemen:

In compliance with SEC Memorandum Circular No. 9, Series of 2014, we submit herewith two (2) copies of PLDT's Manual on Corporate Governance as amended by the PLDT Board of Directors on July 8, 2014.

We also would like to inform the Commission that in compliance with SEC Memorandum Circular Nos. 1 and 12, Series of 2014, PLDT has posted its Annual Corporate Governance Report with the Consolidated Changes for 2013, with the required Secretary's Certificate thereto attached, on its website on July 10, 2014 at the following internet address: <http://pldt.com/about-us/corporate-governance-in-pldt/policies-processes-and-practices/disclosures>.

Respectfully yours,


MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

COVER SHEET

P	W	-	5	5
SEC Registration No.				

P	H	I	L	I	P	P	I	N	E	L	O	N	G	D	I	S	T	A	N	C	E
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(Company's Full Name)

R	A	M	O	N	C	O	J	U	A	N	G	C	O	B	U	I	L	D	I	N	G
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M	A	K	A	T	I	A	V	E	M	A	K	A	T	I	C	I	T	Y		
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(Business Address: No. Street/City/Town/Province)

ATTY. MA. LOURDES C. RAUSA-CHAN									
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Contact person

816-8553									
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Contact Telephone No.

1	2	3	1	SEC Form 17-C AMENDMENT TO THE CORPORATE GOVERNANCE MANUAL									
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Month Day FORM TYPE
Fiscal Year

0	6	Every 2 nd Tuesday									
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Month Day
Annual Meeting

C	F	D
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Dept. Requiring this Doc.

N/A									
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Amended Articles
Number/Section

11,946									
As of June 30, 2014									

Total No. of Stockholders

Total Amount of Borrowings									
NA					NA				
Domestic					Foreign				

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.1

1. July 14, 2014
Date of Report (Date of earliest event reported)
2. SEC Identification Number PW-55
3. BIR Tax Identification No. 000-488-793
4. PHILIPPINE LONG DISTANCE TELEPHONE COMPANY
Exact name of issuer as specified in its charter
5. PHILIPPINES
Province, country or other jurisdiction
of Incorporation
6. _____ (SEC Use Only)
Industry Classification Code
7. Ramon Cojuangco Building, Makati Avenue, Makati City
Address of principal office
- 1200
Postal Code
8. (632) 816-8553
Issuer's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code and
Sections 4 and 8 of the Revised Securities Act

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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_____	_____
_____	_____
_____	_____

11. Item 9 (Other Events)

In compliance with SEC Memorandum Circular No. 9, Series of 2014, dated May 6, 2014, enclosed is a copy of the Amended Manual on Corporate Governance of Philippine Long Distance Telephone Company (PLDT) which was approved by the Board of Directors of PLDT (the "Board") during its meeting held on July 8, 2014. This Amended Manual amends PLDT's Manual on Corporate Governance approved and adopted by the Board on March 26, 2010.

Pursuant to the requirements of the Securities Regulations Code, PLDT has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY

By:



MA. LOURDES C. RAUSA-CHAN

Corporate Secretary

July 14, 2014

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY
MANUAL ON CORPORATE GOVERNANCE

This Manual was approved and adopted on March 26, 2010¹, and amended on July 8, 2014², by the Board of Directors of the Philippine Long Distance Telephone Company (“PLDT”). The structures and processes set forth in this Manual, the Articles of Incorporation and By-Laws, in conjunction with our commitment to the governance principles of transparency, accountability, fairness and integrity, form PLDT’s basic framework of governance by which its Board of Directors, officers, executives and employees shall strive to achieve the Company’s strategic objectives, create value for all its stakeholders, and sustain its long term viability.

1. Definitions and Interpretation

1.1 Defined Terms

The following terms are used in this Manual with the respective meanings ascribed to such terms below, unless the context otherwise requires:

“Advisory Board/Committee”	means the body composed of members appointed by the Board which exercises purely advisory function and has no voting right in respect of matters presented at Board meetings;
“Articles of Incorporation”	means the Articles of Incorporation of the Company and all amendments thereto;
“Board”	means the Board of Directors of the Company, as constituted from time to time;
“Board Committees”	means the Audit Committee, Governance and Nomination Committee and Executive Compensation Committee and such other committees which the Board may constitute from time to time;
“BSP”	means the <i>Bangko Sentral ng Pilipinas</i> ;
“By-Laws”	means the By-Laws of the Company and all

¹ This Manual supersedes the previous Manual on Corporate Governance that was approved and adopted by the Company on September 24, 2002, as amended on March 30, 2004 and January 30, 2007.

² The amendments are set forth in Sections 1.1, 2.1.3, 2.1.4, 2.4, 2.5 and 4.1 of this Manual.

	amendments thereto;
“CEO”	means the Chief Executive Officer of the Company;
“Chairman”	means the Chairman of the Board;
“Commission”	means the Philippine Securities and Exchange Commission;
“Company” or “PLDT”	means Philippine Long Distance Telephone Company;
“Corporation Code”	means <i>Batas Pambansa Blg. 68</i> , otherwise known as the “Corporation Code of the Philippines”;
<u>“Corporate Governance”</u>	<u>means the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates, as defined in the Governance Code. (As amended on July 8, 2014)</u>
“Director”	means a duly elected member of the Board;
“employees”	means employees of the Company below the rank of Manager;
“Exchange”	means the Philippine Stock Exchange;
“Executives”	means the executives of the Company with the rank of Manager up to Assistant Vice President;
“Executive Director”	means a Director who is at the same time an Officer or Executive;
“Governance Code”	means SEC Memorandum Circular No. 6, Series of 2009, otherwise known as the “Revised Code of Corporate Governance”, <u>as amended</u> ;

“Independent Director”	shall have the meaning ascribed to such term in Annex A hereof;
“Management”	means the body composed of the CEO and Officers responsible for the day-to-day conduct of business of the Company and the implementation of its business strategies, plans and policies;
“Manual”	means this Manual on Corporate Governance, including its Annexes, as the same may be amended from time to time;
“Officers”	means the officers of the Company with the rank of Vice President and above;
“Securities Regulation Code”	means Republic Act No. 8799; and
“year”	means a calendar year.

1.2 Interpretation

- (a) Unless the context otherwise requires:
 - (i) words in the singular include the plural, and *vice versa*; and
 - (ii) words importing any gender include all genders.
- (b) A reference to a statute or statutory provision shall be construed as a reference to that statute or provision as from time to time amended, modified or re-enacted, any repealed statute or statutory provision which it re-enacts, and any orders, rules or regulations made under the relevant statute or statutory provision.
- (c) The headings in this Manual are inserted solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.

2. Governance Structure

2.1 Board of Directors

2.1.1 Composition

- (a) The Board shall be composed of thirteen (13) Directors, or such number of Directors provided in the Articles of Incorporation, duly elected by the

stockholders entitled to vote in accordance with the By-Laws, the Corporation Code and Securities Regulation Code. The Directors elected in the annual meeting of the stockholders shall serve a one-year term and until their successors are elected and qualified. Any vacancy in the Board occurring for any reason other than by removal of a Director by the stockholders or by the expiration of term may be filled by the vote of at least a majority of the remaining Directors, if still constituting a quorum. A Director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

- (b) The Board shall have such number of Independent Directors constituting at least twenty percent (20%) of the total membership of the Board, but which shall in no case be less than two (2).

2.1.2 Qualifications for or Disqualifications from Directorship

- (a) The minimum qualifications for directorship in the Company shall be those set forth in Annex B, as may be amended from time to time to include additional qualifications provided under any amendments to the Corporation Code, Securities Regulation Code, Governance Code and other relevant laws, rules and regulations, and such other qualifications approved by the Board and incorporated in amendments to the By-Laws.
- (b) The grounds for disqualification from directorship in the Company shall be those set forth in Annex C, as may be amended from time to time to include additional grounds for disqualification provided under any amendments to the Corporation Code, Securities Regulation Code, Governance Code and other relevant laws, rules and regulations, and such other grounds for disqualification approved by the Board and incorporated in amendments to the By-Laws.

2.1.3 General Responsibilities of the Board and the Directors

Compliance with the principles of good corporate governance instituted in this Manual shall be the paramount responsibility of, and shall start with, the Board.

The Board shall exercise the corporate powers, conduct the business, and control the properties of the Company in consonance with the corporate governance principles instituted in this Manual and shall be responsible for fostering the long-term success of the Company and securing its sustained competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of the Company, its stockholders and other stakeholders, as a whole. (As amended on July 8, 2014)

Consistent with a director's three-fold duty of obedience, diligence and loyalty to the corporation he serves, the Directors shall:

- (a) act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-Laws, and legislative franchise of the Company and in existing laws, rules and regulations;
- (b) exercise their best care, skill and judgment and observe utmost good faith in the conduct and management of the business and affairs of the Company; and
- (c) act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.

2.1.4 Specific Duties and Functions of the Board

To ensure a high standard of governance and best practice and to promote and protect the interest of the Company, its stockholders and other stakeholders, as a whole, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities: (As amended on July 8, 2014)

- (a) implement a process of selection of Directors to ensure a mix of knowledge, expertise and experience and balance among independent, non-executive and executive directors in the context of the needs of the Board, and that each Director can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- (b) constitute an Audit Committee, a Governance and Nomination Committee, an Executive Compensation Committee, and such other committees which it deems necessary to assist the Board in the performance of its duties and responsibilities;
- (c) select and appoint the CEO and other Officers;
- (d) determine and review, together with Management, the Company's vision, mission and strategic objectives;
- (e) oversee Management's implementation of business strategies, plans and policies and periodically evaluate Management's overall performance;
- (f) oversee Management's establishment and maintenance of effective and adequate financial reporting and internal control systems;

- (g) oversee Management's adoption and implementation of a system for identifying, monitoring and managing key risk areas, and review Management's reports to the Board on major risk exposures of the Company and the actions taken to monitor, minimize, control or manage such risks;
- (h) oversee Management's adoption of compensation plans and professional development programs for Officers and succession planning for senior Management;
- (i) ensure that the Company has an internal audit system that can reasonably assure the Board and Management that the Company's key organizational and operational controls are complied with;
- (j) ensure that the Company has an independent audit mechanism for the proper audit and review of the Company's financial statements by independent auditors;
- (k) ensure that the Company complies with all relevant laws, rules and regulations and endeavors to adopt best business practices;
- (l) ensure that the Company has an effective investor relations program that will keep stockholders and investors informed of important developments in the Company;
- (m) ensure that the Company identifies its stakeholders in the community in which it operates or those who are directly affected by its operations and that the Company has a policy or program for accurate, timely and effective communication with them; (As amended on July 8, 2014)
- (n) ensure that the Company establishes appropriate corporate governance policies and procedures pursuant to this Manual and the Governance Code, including, but not limited to, policies on conflict of interest and related party transactions, and oversee the effective implementation thereof;
- (o) properly discharge Board functions by meeting regularly, give due consideration to independent views and ensure the integrity of decision making during Board meetings; and
- (p) ensure that the Board and Board Committees are enabled to obtain independent professional advice at the Company's expense and have access to Management as they may deem necessary or appropriate to carry out their duties.

2.1.5 Specific Duties and Responsibilities of a Director

A Director should act in a manner characterized by integrity, transparency, accountability and fairness. Consistent with this, a Director shall:

- (a) conduct business transactions with the Company fairly, and ensure that his personal interest does not conflict with the interest of the Company or affect his independent judgment and the Board's decisions;
- (b) devote the time and attention necessary to properly and effectively discharge his fiduciary duties and responsibilities;
- (c) act judiciously on matters brought before the Board, thoroughly evaluating the issues involved before making any decision;
- (d) exercise independent judgment;
- (e) have a working knowledge of the statutory and regulatory requirements affecting the Company and its operations, including the provisions of the Company's Articles of Incorporation, By-Laws and legislative franchise, the requirements of the Commission and other regulatory agencies having jurisdiction over the Company, and keep abreast with industry developments and business trends; and
- (f) observe and safeguard confidentiality of non-public information acquired by reason of his position as a director.

2.1.6 Board Meetings

- (a) The Board shall schedule and hold regular meetings in accordance with its By-Laws and convene for special meetings when required by business exigencies. The notice and agenda of the meeting and other relevant meeting materials shall be furnished to the Directors prior to each meeting, which meeting must be duly minuted.
- (b) Every Director shall attend each Board meeting, except when justifiable causes prevent his attendance, to ensure that the quorum requirement will be met. Justifiable causes include, but are not limited to, grave illness, death of an immediate family member, or serious accident.
- (c) In any meeting of the Board, an Independent Director should always be in attendance to promote transparency. However, unless otherwise provided in the By-Laws, the absence of an Independent Director shall not affect the

quorum requirement.

- (d) In order to monitor the Directors' compliance with the attendance requirement, the Company shall submit to the Commission on or before January 30th of each year, a sworn certification on the Directors' attendance in Board meetings held during the immediately preceding year.
- (e) The Board shall hold executive sessions with the Independent Directors and non-Executive Directors, excluding Executive Directors, at least once a year and at such other times as the Board may deem necessary or appropriate. Such executive sessions shall be presided by the Chairman of the Governance and Nomination Committee, except if said Chairman is an Executive Director, in which case, by an Independent Director or non-Executive Director designated by the Board.

2.1.7 Compensation of Directors

Directors shall not receive any compensation, as such, except for reasonable per diems, unless such compensation is provided in the By-Laws or granted by a vote of the stockholders representing at least a majority of the outstanding capital stock of the Company. The Directors shall not decide on their own compensation, other than per diems.

2.1.8 Directorship in other Boards

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. In any case, the capacity of Directors to diligently and efficiently perform their duties and responsibilities to the Company should not be compromised.

2.2 Board Committees

To aid in ensuring compliance with the principles of good corporate governance, the Board shall constitute an Audit Committee, a Governance and Nomination Committee and an Executive Compensation Committee. The Board may form other committees, including an Advisory Board/Committee, as it may deem appropriate.

2.2.1 Appointment of Members

- (a) The Board shall appoint the members and chairman (from among the members) of each Board Committee following the annual meeting of stockholders at which the directors are elected. In case of any vacancy in the Committee, the Board shall appoint a replacement who will fill the vacancy

at any meeting of the Board.

- (b) The Board shall ensure that: (i) all of the members of the Audit Committee including the chairman thereof (who shall be chosen from among the members), shall be Independent Directors, and each member of the Audit Committee is financially literate and the chairman has accounting or related financial management expertise, as such qualifications are interpreted by the Board based on its business judgment; (ii) at least a majority of the voting members of the Governance and Nomination Committee shall be Directors (one of whom must be an Independent Director); and (iii) at least a majority of the voting members of the Executive Compensation Committee shall be Directors (one of whom must be an Independent Director).

2.2.2 Charters

- (a) Each Board Committee shall have a Charter which shall define and govern, among other matters, its purposes, composition, membership qualifications and disqualifications, duties and responsibilities, conduct of meetings, and procedures for escalation to the Board of decisions of such Board Committee.
- (b) The respective Charters of the Board Committees shall be approved by the Board and shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by the Board.

2.2.3 Purposes

- (a) The primary purposes of the Audit Committee, Governance and Nomination Committee and Executive Compensation Committee shall be those set out in Annexes D, E and F, respectively.
- (b) Each Board Committee shall submit to the Board at least once a year a report of its accomplishments and a self-assessment of its performance.

2.3 The Chairman

The Chairman shall assist in ensuring compliance with and performance of the corporate governance policies and practices.

In accordance with applicable regulations, the roles of Chairman and the CEO should, as practicable, be separate for an appropriate balance of power, increased

accountability and better capacity for independent decision making by the Board. There should be a delineation of functions between the Chairman and the CEO.

The Chairman shall ensure that Board meetings are held in accordance with the By-Laws and annual schedule approved by the Board. He shall supervise the preparation of the agenda of each meeting in coordination with the Corporate Secretary, taking into consideration the proposals of the CEO, Management and Directors of the Company. He shall provide leadership for the Board and ensure that the Board works effectively and performs its duties responsibly. He shall also ensure that the lines of communication and flow of information between Management and the Board are maintained.

2.4 The CEO and Management

2.4.1 Duties and Responsibilities

- (a) The CEO shall have general care, management and administration of the business operations of the Company. He shall ensure that: (i) the business and affairs of the Company are managed in a sound and prudent manner; and (ii) operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts.
- (b) The CEO shall provide leadership for Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. He shall provide the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects on a regular basis.
- (c) In order to enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide the Directors/Board with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any Director or the Board, make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. The Directors shall have independent access to Management.
- (d) Management shall formulate, under the oversight of the Audit Committee, financial reporting and internal control systems, rules and procedures in accordance with the following guidelines:
 - (i) The extent of Management's responsibility in the preparation of the

financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly explained;

- (ii) An effective system of internal controls that will ensure the integrity of the financial reports, effectiveness and efficiency of operations, protection of assets of the Company and compliance with laws, rules, regulations and contracts should be maintained for the benefit of the Company, its stockholders and other stakeholders, as a whole; (As amended on July 8, 2014)
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's financial reporting, governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with laws, rules, regulations and contracts;
- (iv) The Company should consistently comply with the financial reporting requirements of the Commission;
- (v) The External Auditor should be rotated or changed every five (5) years, or its lead audit partner primarily responsible for the audit of the Company or the review thereof should be changed with the same frequency, in accordance with applicable laws and regulations; and
- (vi) The Internal Auditor or the internal audit organization, through the Internal Audit Head/Chief Audit Officer, should submit to the Audit Committee and Management a quarterly or annual report on the internal audit 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 Audit Committee/Board and Management. The Internal Auditor or the Internal Audit Head/Chief Audit Officer should certify that the internal audit activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and disclose to the Audit Committee/Board and Management the reasons for non-compliance therewith.

2.4.2 Compensation

The compensation of the CEO and other Officers shall be subject to review and approval by the Executive Compensation Committee. Equity-based plans and long-term incentive plans for Officers which the Executive Compensation Committee may recommend shall be subject to review and approval by the Board and, as applicable, stockholders' approval.

2.5 The Corporate Secretary and Assistant Corporate Secretary

2.5.1 Qualifications

- (a) The Corporate Secretary and Assistant Corporate Secretary shall be Filipino citizens and residents of the Philippines.
- (b) They must possess appropriate administrative, interpersonal and legal skills, be aware of the laws, rules and regulations necessary in the performance of their duties or responsibilities, and have at least an understanding of basic financial and accounting matters.
- (c) They must have a working knowledge of the operations of the Company.

2.5.2 Duties and Responsibilities

- (a) As Officers, the Corporate Secretary and Assistant Corporate Secretary must be loyal to the mission, vision and objectives of the Company.
- (b) The duties and responsibilities of the Corporate Secretary and Assistant Corporate Secretary shall be those provided in Article VIII of the By-Laws. In addition to said duties and responsibilities, the Corporate Secretary and/or Assistant Corporate Secretary shall:
 - (i) be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and Board Committees, as well as other official records of the Company;
 - (ii) work fairly and objectively with the Board, Management, stockholders and other stakeholders; (As amended on July 8, 2014)
 - (iii) inform the Directors, in accordance with the By-Laws, of the schedule and agenda of Board meetings and ensure that Management provides them complete and accurate information that will enable them to arrive at intelligent or informed decisions on matters that require

their approval;

- (iv) attend all Board meetings, except when justifiable causes, such as illness, death of an immediate family member or serious accident, prevent them from doing so;
- (v) ensure that all Board procedures, rules and regulations are strictly followed by the Directors; and
- (vi) if the Corporate Secretary or Assistant Corporate Secretary is also the compliance officer, perform all the duties and responsibilities of the said officer as provided in this Manual and the Governance Code.

2.6 Internal Auditor

2.6.1 Internal Audit Functions

- (a) The Company shall have in place an internal audit system whereby an internal audit organization conducts independent and objective internal audit activities designed to improve and add value to the Company's operations and to help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes through which the Board, Management and stockholders of the Company shall be provided with reasonable assurance that the Company's key organizational and procedural controls are appropriate, adequate, effective and complied with.
- (b) Internal audit examinations shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls covering the Company's financial reporting, governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with laws, rules, regulations and contracts.

2.6.2 Internal Audit Head or Chief Audit Officer

- (a) The Internal Audit Head or Chief Audit Officer shall be the head of the Company's internal audit organization and shall functionally report to the Audit Committee.
- (b) He shall be responsible for the internal audit activities and submit to the Audit Committee an annual internal audit plan conforming with the

objectives of the Company, which plan shall include the audit scope, resources and budget necessary to implement it.

- (c) He shall submit to the Audit Committee and Management a quarterly or annual report on the internal audit organization's activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Audit Committee.
- (d) He shall certify that internal audit activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and, if otherwise, the reasons for non-compliance.

2.7 External Auditor

2.7.1 Selection/Appointment/Resignation/Dismissal

- (a) The Audit Committee shall select and appoint an External Auditor duly accredited by the Commission, or remove and replace such External Auditor as the Audit Committee deems necessary.
- (b) If an External Auditor resigns or is removed or ceases to perform service to the Company, the reasons therefor and the date thereof 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 disclosures or auditing procedures which the former External Auditor and the Company failed to resolve satisfactorily.
- (c) The External Auditor or the lead partner thereof primarily responsible for the audit of the Company or the review thereof shall be rotated or changed at least once every five (5) years.

2.7.2 Functions and Restrictions

- (a) The External Auditor shall enable an environment of sound corporate governance as reflected in the financial records and reports of the Company. The External Auditor shall undertake an independent audit and provide an objective assurance on the manner by which the Company's financial statements have been prepared and presented. If the External Auditor believes that any statement made in the Company's annual report, information or proxy statement or any report filed with the Commission or any regulatory body during the period of its engagement is incorrect or incomplete, the External Auditor shall present its views in said reports.

- (b) The External Auditor of the Company shall not at the same time be engaged as the internal auditor thereof.
- (c) When the External Auditor is tasked to perform non-audit work, the Company shall ensure that said non-audit work shall not be in conflict with its functions as an independent auditor. “Non-audit work” refers to other services offered by the External Auditor to the Company that are not directly related and relevant to its statutory audit functions, such as payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services and other services, that may compromise the independence and objectivity of the External Auditor.

2.8 Chief Governance Officer

2.8.1 Appointment

To ensure adherence to sound corporate governance principles and best practices, the Board shall designate a Chief Governance Officer who shall hold the position of at least a Vice President or its equivalent. The Chief Governance Officer shall be the Compliance Officer and shall have direct reporting responsibilities to the Chairman.

2.8.2 Functions

The Chief Governance Officer shall have the following governance and compliance functions:

- (a) to monitor compliance with the provisions and requirements of this Manual, the Governance Code and such other circulars, rules and regulations issued in relation thereto (the “CG Rules”), report violation(s) of the provisions of this Manual, the Governance Code and the CG Rules to the Chairman and Governance and Nomination Committee and recommend the imposition of disciplinary action for such violation(s) and the adoption of measures to prevent the repetition of such violation(s), subject to further review and approval by the Board;
- (b) to issue a certification every January 30th of each year on the extent of the Company’s compliance with the provisions of this Manual and the Governance Code for the immediately preceding year and, if there are any deviations, to explain the reason for such deviations;

- (c) to appear before the Commission when summoned in relation to compliance with the Governance Code or the CG Rules; and
- (d) to assist the Board and the Governance and Nomination Committee in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the corporate governance structure and policies of the Company, and to assist in the conduct of a self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in this Manual and the respective charters of the Board Committees.

3. Stockholders' Rights and Protection

3.1 Stockholders' Rights

The Board shall respect the rights of the stockholders as provided for in the Corporation Code, as well as the Articles of Incorporation, By-Laws and all resolutions adopted by the Board establishing and designating classes or series of shares of stock of the Company (the "Constitutive Documents"). These rights are as follows:

- (a) **Right to vote** on all matters that require their approval pursuant to the relevant provisions of the Corporation Code and the Constitutive Documents. At every meeting of the stockholders for the election of directors, owners of shares of common stock of the Company are entitled to cumulative voting in accordance with the By-Laws.
- (b) **Pre-emptive right** or the right to subscribe to or purchase any unissued shares of stock of the Company offered for subscription or purchase, except as provided in the Seventh Article, paragraph A, sub-paragraph 6 and paragraph B, sub-paragraph 4 of the Articles of Incorporation, and in Section 39 of the Corporation Code which states that pre-emptive right shall not extend to shares to be issued in compliance with laws requiring stock offerings or minimum stock ownership by the public, or to shares to be issued in good faith with the approval of the stockholders representing two-thirds (2/3) of the outstanding capital stock, in exchange for property needed for corporate purposes or in payment of a previously contracted debt.
- (c) **Right to inspect** corporate books and records including minutes of Board meetings and stock registries; provided that, such right may be denied by the Board if the requesting stockholder improperly used information secured

from prior examination, or is not acting in good faith, or does not have a legitimate purpose for inspecting the records, or if the Board determines it necessary to safeguard the rights and legitimate interest of the Company such as when the records to be inspected contain sensitive or confidential information or are covered by a confidentiality or non-disclosure obligation which will be breached by the Company if such records were made available for inspection.

- (d) **Right to receive information** which is required to be disclosed by the Company pursuant to the Corporation Code or Securities Regulation Code.
- (e) **Right to dividends** subject to the provisions of the Corporation Code and the Constitutive Documents.
- (f) **Appraisal right** or the right to dissent and demand payment of the fair value of their shares in the instances provided for under Section 42 (investment of corporate funds in another corporation or business unless the investment is reasonably necessary to accomplish the primary purpose of the Company) and Section 81 (amendment of articles of incorporation which has the effect of changing or restricting rights of stockholders or class of shares, or authorizing preferences superior to those of outstanding shares of any class, or shortening or extending the term of corporate existence; sale, lease, exchange, mortgage, pledge or disposition of all or substantially all of the corporate property and assets; and merger or consolidation) and in the manner provided under Section 82 of the Corporation Code.

3.2 Duty to Promote Stockholders' Rights

- (a) The Board should promote stockholder's rights and facilitate the exercise thereof. Stockholders may seek redress for violation of their rights as such in accordance with applicable laws.
- (b) The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. Stockholders should be encouraged to personally attend such meetings and they should be apprised ahead of time of their right to appoint a proxy in case they could not personally attend such meeting. 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, subject to the requirements of applicable laws, regulations and the By-Laws.
- (c) The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to stockholders'

participation in meetings, whether in person or by proxy. Relevant 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.

Stockholders who have matters for discussion or concerns directly relating to the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary; (b) the Investor Relations Officer; (c) Management; or (d) the Board.

4. Disclosure of Material Information

4.1 Commitment to Disclose Material Information

The Board commits to the full and timely disclosure to the public of all material information and transactions/dealings of the Company that could potentially affect the market price of the Company's shares, or adversely affect the viability of the Company or the interest of its stockholders and other stakeholders in the Company. Such information include, among others, earnings results, acquisition or disposal of significant assets, off balance-sheet transactions, related party transactions, Board membership changes, shareholdings of Directors and Officers and any changes thereto, and direct and indirect remuneration of Directors and Officers.

The Board shall cause the filing with the Commission and the Exchange of all written disclosures or reports on material information and transactions/dealings of the Company in accordance with the Securities Regulation Code and its Implementing Rules and Regulations and the established mechanisms and procedures of the Commission and the Exchange, for the interest of the Company's stockholders and other stakeholders. (As amended on July 8, 2014)

4.2 Selective Disclosure of Non-Public Material Information

The Company, its Directors, Officers, Executives and employees shall not communicate material non-public information about and involving the Company, including any act, transaction, development or event unless the Company is ready to simultaneously disclose the material non-public information to the Commission, Exchange and other regulatory bodies having jurisdiction. This rule shall not apply if the disclosure is made to:

- (a) A person who is bound by a duty to maintain trust and confidence to the Company, such as, but not limited to, the Company's consultants, auditors, legal counsels, investment bankers, financial advisers; and
- (b) A person who agrees in writing to maintain in strict confidence the disclosed

material information and will not take advantage of it for his personal gain.

Any disclosure of material non-public information to securities analysts, institutional investors or other third parties who do not fall under letters (a) and (b) above, ahead of the disclosure to be made to the Commission, Exchange and the general public, shall be considered as a violation of this rule.

Material information means any information about or involving the Company's affairs, events and conditions that has a significant impact in the Company's operations such as, but not limited to, those relating to the Company's financial condition, prospects and development projects which, when brought to the attention of the public, is reasonably expected to induce or otherwise materially affect the market activity and the market price of the Company's shares.

The Board shall ensure that internal controls are established that will ensure that the Company, its Directors, Officers, Executives and employees and any other person who is privy to the Company's material non-public information shall comply with the requirement of this rule.

5. Monitoring and Implementation

- 5.1 The Governance and Nomination Committee shall establish the appropriate evaluation system for purposes of monitoring and assessing compliance with this Manual and the applicable provisions of the Governance Code by the Company, Board and Management, which evaluation system shall be approved by the Board.
- 5.2 The Chief Governance Officer shall be responsible for promptly reporting to the Chairman and the Governance and Nomination Committee any violation of this Manual. The Governance and Nomination Committee shall, after proper investigation, notice and hearing, determine and recommend to the Chairman of the Board the appropriate penalty for such violation, subject to further review and approval by the Board.

6. Communication Process

6.1 Inspection of Manual

This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days, subject to such express limitations provided by the Corporation Code and other relevant laws, circulars, rules and regulations.

6.2 Dissemination of Manual

This Manual shall be disseminated to all the Directors, Officers, Executives and employees for their information and compliance with the provisions hereof. At least one (1) hard copy of this Manual shall be furnished to every department/division of the Company.

6.3 Communication and Education Programs

The Company shall implement the appropriate communication and training program for the Directors, Officers, Executives and employees, including a corporate governance education program for the Board, to ensure the effective implementation of this Manual.

Signed:



MANUEL V. PANGILINAN
Chairman of the Board

ANNEX A – INDEPENDENT DIRECTOR

“Independent Director” means a person who is independent of management and who, apart from his fees and shareholdings, is free from any business or other relationship with the Company which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company and includes, among other persons, one who:

- (i) is not a director or officer of the Company or any of its related companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);
- (ii) was not a director (other than an Independent Director) of the Company who resigned or whose term ended within the last two (2) years;
- (iii) was not the chairman *emeritus* or an *ex-officio* director/officer or a member of the advisory board of the Company or otherwise appointed in a capacity to assist the Board of the Company in the performance of its duties and responsibilities within the last one (1) year;
- (iv) does not own more than two percent (2%) of the shares of stock of the Company or any of its related companies or any of its substantial shareholders;
- (v) is not a relative of any director, officer or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders. For this purpose, “relatives” includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (vi) is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement;
- (vii) has not been employed in any executive capacity by the Company or any of its related companies or any of its substantial shareholders within the last five (5) years;
- (viii) is not retained or, within the last five (5) years, has not been retained as a professional adviser by the Company or any of its related companies or any of its substantial shareholders, either personally or through his firm;
- (ix) has not engaged and does not engage in any transaction with the Company or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are

conducted at arm's length and are immaterial;

- (x) is not employed as an officer or executive of another entity where any of the Company's officers or executives serves on that entity's Compensation Committee;
- (xi) is not affiliated with or employed by or, within the last five (5) years, has not been affiliated with or employed by the Company's present or former external auditors or their affiliates; or
- (xii) is not a securities broker-dealer or a person holding any office of trust and responsibility in a broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer.

When used in relation to a company, "related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and "substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

To qualify for nomination as an Independent Director, a person must possess all of the qualifications and have none of the disqualifications for directorship in the Company as set forth in Annexes B and C, respectively, and must meet the independence criteria enumerated above and such other criteria provided under applicable law or regulation or determined by the Board of Directors or the Governance and Nomination Committee.

An incumbent Independent Director shall be disqualified from continuing to be such during the remainder of his tenure if, upon determination by the Board or the Governance and Nomination Committee: (a) he ceases to meet any of the independence criteria provided above, or (b) he becomes disqualified from directorship based on any of the grounds for disqualification in accordance with Annex C.

ANNEX B – QUALIFICATIONS FOR DIRECTORSHIP

1. Must own at least one (1) share of stock of the Company standing in his name on the books of the Company;
2. Must have a college education or equivalent academic degree;
3. Must be at least twenty-one (21) years old;
4. Must possess integrity and probity;
5. Must have a practical understanding of the business of the Company or previous business experience; and
6. Must have attended a seminar on corporate governance conducted by a duly recognized private or government entity or must have issued an undertaking to attend such a seminar as soon as practicable.

The Governance and Nomination Committee may consider and recommend to the Board other qualifications which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company, including, but not limited to, membership in good standing in relevant industry, business or professional organization.

ANNEX C – GROUNDS FOR DISQUALIFICATION FROM DIRECTORSHIP

Permanent Disqualification

1. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final, non-appealable judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the Commission:
 - (a) an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
 - (b) any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) 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 (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; or
 - (c) having 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 the Commission or BSP, or any rule, regulation or order of the Commission or BSP;
2. 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 an 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.

The disqualification shall also apply if such person: (a) 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 BSP, or under any rule or regulation issued by the Commission or BSP; or (b) has otherwise been restrained to engage in any activity involving securities and banking; or (c) is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization;

3. Any person found guilty by final judgment or order of a foreign court or equivalent securities or banking regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in Sections 1 and 2 above;
4. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;
5. Any person judicially declared as insolvent;
6. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least thirty per cent (30%) of the capital stock) or entity engaged in a business that the Board, by at least a majority vote, determines to be competitive or antagonistic to that of the Company or any of its subsidiaries;
7. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation or entity engaged in any line of business of the Company or any of its subsidiaries, when in the judgment of the Board, by at least a majority vote, the laws against combinations and restraint of trade shall be violated by such person's membership in the Board; and
8. Any nominee, as determined by the Board, in the exercise of its judgment in good faith and by at least a majority vote, of any person set forth in Sections 6 and 7 above.

Temporary Disqualification

The Governance and Nomination Committee may consider and recommend to the Board temporary disqualification of a Director based on any of the following grounds:

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations, which disqualification shall be in effect as long as said refusal persists;
- (ii) Absence in more than fifty percent (50%) of all Board meetings, both regular and special, during his incumbency or any twelve (12) month period during said incumbency, unless the absence is due to justifiable causes such as illness, death of an immediate family member or serious accident. This disqualification applies for purposes of the succeeding election;

- (iii) Dismissal or termination for cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- (iv) Being under preventive suspension by the Company (in the case of an Executive Director); and
- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Any temporary disqualification of a Director recommended by the Governance and Nomination Committee to be valid and effective must be approved by the Board and comply with the requirements of applicable laws, rules and regulations.

A temporarily disqualified Director shall, within the period prescribed by the Board, which shall not be less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

The Governance and Nomination Committee may consider and recommend to the Board other grounds for disqualification which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company.

ANNEX D – AUDIT COMMITTEE

The primary purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for:

1. the integrity of the Company's accounting and financial reporting, principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof;
2. the Company's compliance with legal and regulatory requirements;
3. the Company's assessment and management of enterprise risks including credit, market, liquidity, operational and legal risks; and
4. the Company's audit process and the performance of the Company's internal audit organization and external auditors, including the external auditors' qualifications and independence.

ANNEX E - GOVERNANCE AND NOMINATION COMMITTEE

The primary purposes of the Committee are to:

1. Oversee the development and implementation of corporate governance principles and policies;
2. Review and evaluate the qualifications of the persons nominated to the Board as well as those nominated for election to other positions requiring appointment by the Board;
3. Identify persons believed to be qualified to become members of the Board and/or the Board Committees;
4. Assist the Board in making an assessment of the Board's effectiveness in the process of replacing or appointing new members of the Board and/or Board Committees; and
5. Assist the Board in developing and implementing the Board's performance evaluation process.

ANNEX F – EXECUTIVE COMPENSATION COMMITTEE

The primary purposes of the Committee are to:

1. Provide guidance to and assist the Board in developing a compensation philosophy or policy consistent with the culture, strategy and control environment of the Company;
2. Oversee the development and administration of the Company's executive compensation programs, including long term incentive plans and equity based plans for Officers and Executives; and
3. Assist the Board in the performance evaluation of and succession planning for Officers, including the CEO, and in overseeing the development and implementation of professional development programs for Officers.