



04 June 2024

**Philippine Dealing & Exchange Corp.**

29th Floor, BDO Equitable Tower,  
8751 Paseo de Roxas,  
Makati City 1226

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**  
Head - Issuer Compliance and Disclosure Department  
Philippine Dealing & Exchange Corp.

**Dear Atty. Selleza:**

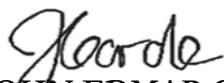
In compliance with PDEx Rule 7.9.3, we enclose a copy of Cebu Landmasters, Inc.'s ("CLI" or the "Company") disclosure filing to The Philippine Stock Exchange, Inc.

We trust that this submission meets your requirements. If you have questions and/or clarifications, please feel free to contact the undersigned. Thank you.

Very truly yours,

**CEBU LANDMASTERS, INC.**

By:

  
**ATTY. JOHN EDMAR G. GARDE**  
Legal Counsel and Compliance Senior Manager

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## Cebu Landmasters, Inc. CLI

### PSE Disclosure Form 17-18 - Other SEC Forms/Reports/Requirements

<b>Form/Report Type</b>	Amended Manual on Corporate Governance
<b>Report Period/Report Date</b>	Jun 4, 2024

<b>Description of the Disclosure</b>
Cebu Landmasters, Inc. ("CLI" or the "Company") submits its Amended Manual on Corporate Governance as approved by its Board of Directors on June 04, 2024.

**Filed on behalf by:**

<b>Name</b>	Atty. John Edmar Garde
<b>Designation</b>	Legal Counsel & Compliance Senior Manager

## CEBU LANDMASTERS, INC.

### MANUAL ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of Cebu Landmasters, Inc. (“CLI” or the “Corporation”), working closely with the Corporation's Officers and Managers, hereby commits to adopt and comply with the principles and best practices contained in this Manual on Corporate Governance, as amended (the “Manual” or “Amended Manual”), and acknowledge that the same will guide and contribute in the attainment of the Corporation’s goals and aspirations.

CLI, together with its Board and Management, also commits to adopt and comply with the provisions and requirements of Republic Act (R.A.) No. 11232 (otherwise, the “Revised Corporation Code of the Philippines”), its Implementing Rules and Regulations, issuances of the Securities and Exchange Commission, including SEC Memorandum Circular No. 19, series of 2016 (otherwise, the “CG Code for PLCs”), and all other pertinent laws, regulations, and issuances, as may be promulgated and/or amended from time to time.

#### I OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance (i.e., fairness, accountability, and transparency) in the entire organization, including the adoption and compliance with the provisions and requirements of the RCC, CG Code for PLCs, and all other pertinent laws, regulations, and issuances. The Board believes that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

#### II COMMITMENT TO SUSTAINABILITY

CLI fully recognizes the economic, social, and environmental impacts of real estate development and the importance of sustainability in delivering its vision to become the most customer-centric and community-focused organization in the Visayas and Mindanao regions.

**CLI commits to create long-term value for the business and its stakeholders by driving innovation and improving the lives of its employees, customers, and communities while striving to manage its impacts to the environment and society responsibly, ethically, and with transparency and accountability.**

**To achieve this, CLI commits to:**

- 1.01 **Identify global and local economic, environmental, social, and governance (EESG) issues, trends, and impacts that are most relevant to the business and its stakeholders;**
- 1.02 **Drive sustainability across the value chain, aligning programs with business strategy, risks, opportunities, and stakeholder interests;**
- 1.03 **Measure, manage, and communicate the Corporation's performance and progress in minimizing environmental and social impacts;**
- 1.04 **Adhere and comply with all applicable regulatory requirements;**
- 1.05 **Continually improve channels of engaging employees, customers, suppliers, investors, community partners, and other stakeholders to manage their expectations, consider their perspectives, and address their concerns;**
- 1.06 **Develop a culture of sustainability across the entire organization at all levels and allocate needed resources to support sustainability capability-building programs; and**
- 1.07 **Conduct regular reviews to improve the Corporation's sustainability performance.**

### **III DEFINITION OF TERMS**

**Board of Directors** – the governing body elected by the stockholders that exercises the corporate powers of the corporation, conducts all its business and controls its properties.

**Code of Corporate Governance for Publicly-Listed Companies (otherwise, the “CG Code for PLCs”) – refers to SEC Memorandum Circular No. 19, series of 2016 which was issued by the Securities and Exchange Commission (“SEC” or the “Commission”) to raise the corporate governance standards of Philippine corporations to a level at par with its regional and global counterparts. The CG Code for PLCs contains the recommended principles and best practices in matters of Corporate Governance, including G20/OECD Principles of Corporate Governance and the ASEAN Corporate Governance Scorecard (ACGS).**

**Corporate Governance** – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal, and social obligations towards their stakeholders.

**Enterprise Risk Management** – a process, effected by an entity’s Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

**Executive Director** – a director who has executive responsibility of day-to-day operations of a part or whole of the organization.

**Independent Director** – a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

**Internal Control** – a process designed and effected by the board of directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete, and timely financial and management information; and compliance with applicable laws, regulations, and the organization’s policies and procedures.

**Management** – a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.

**Non-executive Director** – a director who has no executive responsibility and does not perform any work related to the operations of the corporation.

**Related Party** – shall cover the Corporation’s subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates, and special purpose entities), that the Corporation exerts direct or indirect control over or that exerts direct or indirect control over the Corporation; the Corporation's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Corporation.

**Related Party Transactions** – a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

**Revised Corporation Code of the Philippines (otherwise, the “RCC”) – refers to R.A. No. 11232, which took effect on February 23, 2019, and serves as the governing law on corporations in the Philippines.**

**Stakeholders** – any individual, organization, or society at large who can either affect and/or be affected by the Corporation’s strategies, policies, business decisions, and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

## IV INTERPRETATION

All references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.

All doubts or questions in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability, and fairness to the stockholders and investors of the Corporation, **and compliance with provisions of law, including the RCC, implementing rules and regulations, issuances of the SEC, including the CG Code for PLCs, as may be promulgated and/or amended from time to time.**

## V BOARD OF DIRECTORS

## A. ROLES AND RESPONSIBILITIES

The Board is primarily responsible for the governance of the Corporation. Thus, compliance with the principles of good corporate governance and this Manual shall start with the Board.

It shall be the Board's responsibility to foster the long-term success of the Corporation and to secure its sustained competitiveness in a manner consistent with its fiduciary responsibility and corporate objectives, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to independently and effectively monitor and check Management's performance.

The Board shall be composed of directors with a collective working knowledge, experience, and expertise that are relevant to the Corporation's industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. It should be composed of executive and non-executive directors who possess the necessary qualifications to efficiently participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances. **The Board shall regularly review and evaluate its composition, including the determination of the sufficiency and propriety of the number of non-executive directors (NEDs) vis-à-vis the dynamic and evolving needs of CLI and the best practices in corporate governance.**

All directors should be properly oriented upon joining the Board and shall attend relevant annual continuing training to promote effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities.

To avoid groupthink and ensure that optimal decision-making is achieved, the Corporation shall observe a board diversity policy. **It is a policy of the Corporation to encourage and promote the selection of an appropriate mix of competent directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policy. Diversity shall include skills, experience, expertise, age, gender, ethnicity, culture, competence, and knowledge. CLI shall report on the progress in the implementation of its board diversity policy. The progress report shall be disclosed and published in the Corporation's Annual Reports, including its**

**Integrated Annual Corporate Governance Reports, or other similar reports as may be issued or amended by the SEC from time to time.**

**B. DUTIES AND FUNCTIONS**

To ensure a high standard of best practices for the Corporation, its stockholders and other stakeholders, the Board, in close coordination with the Corporation's Officers and Managers, shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders in the performance of, among others, the following duties and functions:

- 1) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

Appoint competent, professional, honest and highly motivated management officers, monitoring and assessing the performance of the management team based on established performance standards that are consistent with the Corporation's strategic objectives, and conduct a regular review of the Corporation's policies with the management team.

- 2) Adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation..
- 3) Provide sound strategic policies and guidelines to the Corporation on its business objectives, strategy, and major capital expenditures. Establish programs that can sustain its long-term viability and strength.

Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.

- 4) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.

- 5) Establish and maintain an investor relations office and program that will keep the stockholders informed of important developments in the Corporation. For this purpose, the Corporation's Investor Relations Officer shall exercise oversight responsibility over this program.
- 6) Identify the Corporation's stakeholders and the sectors in the community in which the Corporation operates or are directly affected by its operations, in order to promote cooperation between them and the Corporation in creating wealth, growth, and sustainability. Establish and formulate a clear policy of accurate, timely, and effective communication with them.
- 7) Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness.
- 8) Ensure that the Corporation shall be socially responsible in all its dealings with the communities where it operates.
- 9) Establish policies, programs, and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance.
- 10) Overseeing that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders.
- 11) Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.
- 12) 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, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

**The Board shall have overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions and other unusual or infrequently occurring transactions.**

- 13) Adopt a Board Charter that formalizes and clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties.
- 14) Adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, an anti-corruption policy and program, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings.
- 15) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- 16) Establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.
- 17) Adopt a policy informing the shareholders of all their rights, and encourage the exercise of their rights by providing clear-cut processes and procedures for them to follow.
- 18) Establish an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Corporation's operations. The internal audit function may be housed within the organization or outsourced to qualified independent third-party service providers.
- 19) 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.
- 20) Establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

- 21) Oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess, and manage key business risks.
- 22) Meet **and conduct board meetings, regular or special, at least six (6) times during the year.** The minutes of such meetings shall be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.
- 23) Ensure that the rights of the stakeholders established by law, by contractual relations and through voluntary commitments are respected.
- 24) Keep the activities and decisions of the Board within its authority under the Articles of Incorporation, By-Laws, **corporate charters and policies,** and in accordance with existing laws, rules and regulations.
- 25) Appoint a Compliance Officer who shall have the rank of senior vice president or an equivalent position with adequate stature and authority in the corporation.

### C. SPECIFIC DUTIES AND RESPONSIBILITIES OF A DIRECTOR

A director's office is one of trust and confidence. A director should act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

A director shall have the following duties and responsibilities:

- 1) **Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.**

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should abstain from taking

part in the deliberation for the same. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

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

2) **Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.**

A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work.

He should attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so.

3) **Act judiciously.**

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification and apply high ethical standards taking into account the interest of stakeholders.

4) **Exercise independent judgment.**

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

5) **Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of relevant regulatory agencies.**

A director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

6) **Observe confidentiality.**

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

**D. INTERNAL CONTROL RESPONSIBILITIES OF THE BOARD**

The control environment of the Corporation shall consist of the following:

- 1) The Board which ensures that the Corporation is properly and effectively managed and supervised.
- 2) A Management that actively manages and operates the Corporation in a sound and prudent manner.
- 3) The organizational and procedural controls which are duly supported by effective management information and risk management reporting systems.
- 4) An independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include:

- 1) Definition of the duties and responsibilities of the Chairman and President who are ultimately accountable for the Corporation's organizational and operational controls.

- 2) Selection of the persons who possess the ability, integrity and expertise essential for the positions of Chairman/Chief Executive Officer and President/Chief Operating Officer.
- 3) Evaluation of proposed senior management appointments.
- 4) Selection and appointment of qualified and competent management officers.
- 5) Reviewing of the Board's performance as a body and the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- 6) Ensuring the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

#### **E. QUALIFICATIONS OF BOARD OF DIRECTORS**

The Board shall have nine (9) members. At least three (3) or one-third (1/3) of the members of the Board shall be independent directors, whichever is higher.

##### GENERAL

#### 1) Qualifications

A director shall have the following qualifications:

- a) He must be a holder of at least one (1) share of stock of the Corporation registered under his name;
- b) He must be a college graduate or holds an equivalent academic degree;
- c) He must have been engaged in or exposed to the business of the Corporation for at least five (5) years;
- d) He must be diligent, hardworking, and a person of proven integrity/probity.

#### 2) Disqualifications

No person shall be qualified or be eligible for nomination or election to the Board if:

- a) He is engaged in any business or activity which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged in any business or activity which competes with or is antagonistic to that of the Corporation –
  - i. If he is a director, officer, manager or controlling person of, or the owner (either of record or beneficially) of 2% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business or activity which the Board, by at least a majority vote, determines to be competitive or antagonistic to that of the Corporation; or
  - ii. If he is a director, officer, manager or controlling person of, or the owner (either of record or beneficially) of 2% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business or activity of the Corporation, when in the judgment of the Board, by at least a majority vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or
  - iii. If the Board, in the exercise of its judgment in good faith, determine by at least a majority vote that he is the nominee of any person set forth in (i) and (ii) directly above.

In determining whether, or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relationships.

- b) He has any of the disqualifications provided under relevant laws including but not limited to the **RCC, SRC, and CG Code for PLCs**, or any amendments thereto, such as:
  - i. Permanent Disqualification

- (a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code (**“SRC”**); (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;
  
- (b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi- bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if (i) such person is the subject of an order of the SEC, BSP, or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the **RCC**, SRC, or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP; (ii) such person has otherwise been restrained to engage in any activity involving securities and banking; or (iii) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- (c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
  - (d) Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the **RCC**, SRC or any other law, rule, regulation or order administered by the SEC or BSP;
  - (e) Any person judicially declared as insolvent;
  - (f) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
  - (g) Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the **RCC** committed within five (5) years prior to the date of his election or appointment; and
  - (h) Other grounds as the SEC may provide.
- ii. Temporary Disqualification
- (a) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident.

The disqualification should apply for purposes of the succeeding election;

- (b) Dismissal or termination for cause as director of any publicly-listed corporation, public corporation, registered issuer of securities and holder of a secondary license from the Commission. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- (c) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and
- (d) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within 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.

#### INDEPENDENT DIRECTORS

At least three (3) or one-third (1/3) of the members of the Board of Directors shall be independent directors, whichever is higher. The Independent Directors shall be nominated by the Nomination Committee.

##### 1) Qualifications

An independent director shall mean a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially

interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation and includes, among others, a person who:

- a) Is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the Corporation;
- b) Is not, and has not been in the three years immediately preceding the election, a director of the Corporation; a director, officer, employee of the Corporation's subsidiaries, associates, affiliates or a related companies; or a director, officer, employee of the Corporation's substantial shareholders and its related companies;
- c) Has not been employed by or appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus", "Ex-Officio" Directors/Officers or Members of any Advisory Board, consultant or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- d) Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;
- e) Is not a relative of a director, officer, or substantial shareholder of the Corporation or any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother, or sister;
- f) Is not acting as a nominee or representative of any director of the Corporation or any of its related companies;
- g) Is not a securities broker-dealer of listed companies and registered issuer of securities;
- h) Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent, or counsel of the Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any

business or other relationship within the three years immediately preceding the date of his election;

- i) Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director, or substantial shareholder, in any transaction with the Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- j) Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and
- k) Is not employed as an executive officer of another Corporation where any of the Corporation's executive serve as directors.

When used in relation to the above requirements:

*“related companies”* refers to (a) the Corporation's holding/parent corporation; (b) its subsidiaries; and (c) subsidiaries of its holding/parent corporation.

*“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.

## 2) Election of Independent Directors

Except as those required under the Securities Regulation Code and subject to pertinent existing laws, rules and regulations of SEC, the conduct of the election of independent directors shall be made in accordance with the standard election procedures for regular directors as provided in the By-laws of the Corporation. It shall be the responsibility of the Chairman to inform all stockholders in attendance of the mandatory requirement of electing independent directors;

- a) Specific slots for independent directors shall not be filled-up by unqualified nominees; and

- b) In case of failure of election for independent directors, the Chairman shall call a separate election during the same meeting to fill up the vacancy.

An elected independent director may serve **for a maximum cumulative term of nine (9) years.** After serving as an independent director for 9 years, he/she shall be perpetually barred from being elected as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. In the instance the Corporation wants to retain an independent director who has served for 9 years, the Board should provided meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

- 3) Termination/Cessation of Independent Directorship

In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with SEC within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; upon the nomination of the Nomination Committee. Otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

## F. BOARD MEETINGS AND QUOROM REQUIREMENT

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the SEC and the By-laws. **The Board of Directors shall meet at least six (6) times during the year. The Corporation, through the Office of the Corporate Secretary, shall schedule the board and committee meetings before the start of the financial year.**

Independent directors should always attend Board meetings. To promote transparency, the presence of at least one independent director shall be required in all its meetings.

## G. BOARD SEATS

The Board **shall adopt** guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities, **and in compliance with regulatory requirements and recommended corporate governance practices.**

The Chairman, President and other Executive Directors **shall not serve in more than two (2) boards of listed companies outside of the group. Non-executive directors, including Independent Directors, can concurrently serve in** a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Corporation. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

A director should notify the Board where he/she is an incumbent director before accepting a directorship in another corporation.

## **H. REMUNERATION OF DIRECTORS AND OFFICERS**

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

The Corporation shall establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers, which shall be **determined, reviewed, and overseen** by the **Compensation and Benefits** Committee. It is good practice that such policy specify the relationship between remuneration and performance, which includes specific financial and nonfinancial metrics to measure performance and set specific provisions for employees with significant influence on the overall risk profile of the corporation.

Key considerations in determining proper compensation include the following: (1) the level of remuneration is commensurate to the responsibilities of the role; (2) no director should participate in deciding on his remuneration; and (3) remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.

For employees in control functions (e.g., risk, compliance, and internal audit), their remuneration is independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives so as not to compromise their independence.

## VI BOARD COMMITTEES

To support the Board in the effective performance of its functions, the Board shall constitute the following committees to assist it in good corporate governance. **All established committees shall have committee charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information. The committee charters shall be fully disclosed and published in CLI's website.**

### A. AUDIT COMMITTEE

The Audit Committee shall consist of **at least** three (3) **appropriately qualified non-executive** directors, **the majority of whom, including the Chairperson, should be independent. Members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.** The chair of the Audit Committee should **not be the chair of the Board or of any other committees.** **The Audit Committee shall meet at least four (4) times during the year.**

The Audit committee shall have the following functions:

- 1) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, internal and external audit process, and monitoring of compliance with applicable laws, rules and regulations.
- 2) Recommend the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- 3) Through the Internal Audit Department, monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets.

- 4) Oversee the Internal Audit Department, and recommends the appointment and/or grounds for approval of an Internal Audit Head or Chief Audit **Executive**. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- 5) Establish and identify the reporting line of the **Chief Audit Executive** to enable him to properly fulfill his duties and responsibilities. For this purpose, he should **functionally** report to the Audit Committee **and administratively to the CEO**;

**The Chief Audit Executive shall oversee and be responsible for the internal audit activity of the Corporation, including that portion that is outsourced to a third party service provider, if any. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.**

- 6) Review and monitor Management's responsiveness to the **Chief Audit Executive's** findings and recommendations;
- 7) Prior to the commencement of the audit, discuss with the External Auditor the nature, scope, and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- 8) Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The committee **approves all non-audit work conducted by the External Auditor and** should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence.
- 9) Review and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
  - 9.01 Any change/s in accounting policies and practices
  - 9.02 Areas where a significant amount of judgment has been exercised
  - 9.03 Significant adjustments resulting from the audit

- 9.04 Going concern assumptions
  - 9.05 Compliance with accounting standards
  - 9.06 Compliance with tax, legal, and regulatory requirements.
- 10) Review the disposition of the recommendations in the External Auditor's management letter;
- 11) Perform oversight functions over the Corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions;

**The non-executive directors shall conduct periodic meetings and discussions with the External Auditor without the presence of management. The non-executive directors shall also have separate periodic meetings with the Corporation's Internal Audit Department, including the Internal Audit Head, company officers, and other resource persons without the presence of management. These periodic meetings shall be chaired by the Lead Independent Director. The purpose of these meetings and discussions is to ensure that proper checks and balances are in place, and ensure the integrity of the Corporation's internal controls and processes. The Lead Independent Director shall, within reasonable time after the meeting, inform and update the Compliance Officer and provide him copies of the Minutes, if any, for proper monitoring.**

- 12) Coordinate, monitor, and facilitate compliance with laws, rules, and regulations; **and**
- 13) Recommend to the Board the appointment, reappointment, removal, and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

## **B. NOMINATION COMMITTEE**

The Board shall create a Nomination Committee which shall have at least three (3) members and one (1) of whom must be an independent director, to review and evaluate the qualifications of all individuals nominated to the Board and other appointments that require

Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. **The Nomination Committee shall meet at least twice during the year.**

The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications of a director, and formulate procedures to encourage shareholders' participation by including procedures on how the Board accepts nominations from minority shareholders.

The nomination and election process also includes the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members.

#### C. **COMPENSATION AND BENEFITS COMMITTEE**

The Board shall create a Compensation and **Benefits** Committee which shall have at least three (3) members **who shall be elected annually by a majority vote of the Board.** **The Compensation and Benefits Committee shall meet at least annually in the calendar year. The Committee may call for and hold additional meetings as and when required with reasonable notice to the Committee members.**

It shall have the following duties and responsibilities:

- 1) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and providing oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy, and the business environment in which it operates.
- 2) Design the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully.

- 3) Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives, and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective positions.

#### **D. CORPORATE GOVERNANCE COMMITTEE**

The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices and shall consist of **at least three (3) directors, all of whom shall be an independent director. The Chairperson of the Corporate Governance Committee should also be an independent director. The Corporate Governance Committee shall meet at least four (4) times during the year.**

The committee shall have the following functions, among others:

- 1) Overseeing the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity, and business strategy, as well as business and regulatory environments;
- 2) Overseeing the periodic performance evaluation of the Board and its committees, and conducts an annual self-evaluation of its performance;
- 3) Ensuring that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- 4) Recommending continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers;
- 5) Adopting corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance; and
- 6) Proposing and planning relevant trainings for the members of the Board.

**E. RELATED PARTY TRANSACTION COMMITTEE**

**The Related Party Transaction (RPT) Committee is tasked with reviewing all material related party transactions of CLI to ensure that these are conducted at an arm's length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances. Its detailed functions and scope of responsibilities shall be outlined in its Committee Charter.**

**The Corporation, through its RPT Committee, shall establish its RPT Policy and set out the guidelines, categories, and thresholds that will govern the review, approval, or ratification of RPTs by the Board and/or shareholders.**

**The RPT Committee shall be composed of at least three (3) non-executive directors, two (2) of whom should be independent, including the Chairperson. The RPT Committee shall meet at least four (4) times during the year.**

**F. RISK OVERSIGHT COMMITTEE**

**The Risk Oversight Committee shall be responsible for the oversight of the Corporation's Enterprise Risk Management (ERM) system to ensure its functionality and effectiveness. This Committee shall also ensure the proper implementation by the Board of its risk oversight functions over management's practices across the organization. It shall provide guidance to management in identifying, evaluating, and monitoring existing and emerging risks for proper treatment or mitigation. Its detailed functions and scope of responsibilities shall be outlined in its Committee Charter.**

**The Risk Oversight Committee shall be composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson. At least one (1) member must have relevant thorough knowledge and experience on risk and risk management. The Risk Oversight Committee shall meet at least four (4) times during the year.**

## **VII THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The Board shall be headed by a competent and qualified Chairman. The roles of the Chairman and Chief Executive Officer should, as much as practicable, be separate to foster

an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and Chief Executive Officer.

If the positions of Chairman and Chief Executive Officer are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The duties and responsibilities of the Chairman in relation to the Board shall include, among others, the following:

- a) Making certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b) Guaranteeing that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c) Facilitating discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d) Ensuring that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e) Assuring the availability of proper orientation for first-time directors and continuous training opportunities for all directors; and
- f) Making sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

The Chief Executive Officer has the following roles and responsibilities, among others:

- a) Determining the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;

- b) Communicating and implementing the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c) Overseeing the operations of the Corporation and manages human and financial resources in accordance with the strategic plan. Has a good working knowledge of the Corporation's industry and market and keeps-up-to-date with its core business purpose;
- d) Directing, evaluating, and guiding the work of the key officers of the Corporation;
- e) Managing the Corporation's resources prudently and ensures a proper balance of the same;
- f) Providing the Board with timely information and interfaces between the Board and the employees;
- g) Building the corporate culture and motivates the employees of the Corporation; and
- h) Serving as the link between the internal operations and external stakeholders.

In cases where the Chairman is not independent and where the roles of Chair and Chief Executive Officer are combined, the Board, may at it sees prudent, appoint a “Lead **Independent** Director” among the independent directors, with sufficient authority to lead the Board in cases where management has clear conflicts of interest.

The functions of the Lead **Independent** Director include, among others, the following:

- a) Serving as an intermediary between the Chairman and the other directors when necessary;
- b) Convening and chairing meetings of the non-executive directors; and
- c) Contributing to the performance evaluation of the Chairman, as required.

## VIII THE CORPORATE SECRETARY

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

The Corporate Secretary is primarily responsible to the Corporation and its shareholders, and not to the Chairman or President of the Corporation and has, among others, the following duties and responsibilities:

- a) Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
- b) Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;

**If a CLI director attends a meeting through teleconferencing or videoconferencing, such meeting is properly recorded with appropriate tapes, discs, and/or other recording material which are properly stored for safekeeping, in addition to the Corporate Secretary maintaining written minutes thereof.**

- c) Keeps abreast on relevant laws, regulations, all government issuances, relevant industry developments and operations of the Corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- d) Work fairly and objectively with the Board, Management, and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- e) Advises on the establishment of board committees and their terms of reference;
- f) Informs members of the Board, in accordance with the By Laws, of the agenda of their meetings at least five working days in advance, and ensures

that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

- g) Attends all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- h) Performs required administrative functions;
- i) Oversees the drafting of the By-Laws and ensures that they conform with regulatory requirements; and
- j) Performs such other duties and responsibilities as may be provided by the SEC.

## **IX THE COMPLIANCE OFFICER**

To ensure adherence to corporate principles and best practices, the Board shall appoint a Compliance Officer, who shall not be a member of the Board of Directors and who has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Corporation.

The Compliance Officer is a member of the Corporation's management team in charge of the compliance function, and is primarily liable to the Corporation and its shareholders, and not to the Chairman or President of the Corporation. He shall perform the following duties and responsibilities:

- a) Ensure proper onboarding of new directors (i.e., orientation on the Corporation's business, charter, Articles of Incorporation and By-Laws, among others);
- b) Monitors, reviews, evaluates, and ensures the compliance by the Corporation, its officers and directors with the relevant laws, **the CG Code for PLCs**, rules and regulations, and all governance issuances of regulatory agencies;
- c) Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- d) Ensures the integrity and accuracy of all documentary submissions to regulators;

- e) Appears before the SEC when summoned in relation to compliance with **the CG Code for PLCs**;
- f) Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- g) Identify possible areas of compliance issues and work towards the resolution of the same;
- h) Ensures the attendance of board members and key officers to relevant trainings; and
- i) Perform such other duties and responsibilities as may be provided by the SEC.

## **X THE EXTERNAL AUDITOR**

An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation. In this connection, an external auditor's selection, appointment, reappointment, removal, and fees should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders.

Non-audit services performed by the External Auditor shall be disclosed in the Annual Report to deal with the potential conflict of interest.

## **XI THE CHIEF AUDIT EXECUTIVE**

The Board shall appoint a qualified Chief Audit **Executive**, who directly reports functionally to the Audit Committee and administratively to the Chief Executive Officer, and who shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.

In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.

The following are the responsibilities of the Chief Audit **Executive**, among others:

- a) Periodically reviews the Internal Audit Charter and presents it to senior management and the Board Audit Committee for approval;
- b) Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- c) Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
- d) Spearheads the performance of the internal audit activity to ensure that it adds value to the organization;
- e) Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- f) Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

## **XII ACCOUNTABILITY AND AUDIT**

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

Thus, it is essential that Management provides all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- 1) The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly explained.
- 2) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation should be maintained for the benefit of all stockholders and other stakeholders.
- 3) 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 Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.
- 4) The Corporation should consistently comply with the financial reporting requirements of the SEC.
- 5) The External Auditor should be rotated or changed every five (5) years, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency.
- 6) The **Chief Audit Executive** should submit to the Audit Committee and Management an annual report on the Internal Audit Department's activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The **Chief Audit Executive** should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided

it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

### **XIII**

## **STOCKHOLDERS' BENEFITS AND RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST**

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and provide an adequate venue for them to seek timely redress for violation of their rights.

The Board shall treat all shareholders fairly and equitably, and also recognize, protect, and facilitate the exercise of their rights.

The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation and should provide accurate and timely information to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. 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. 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. Subject of the requirements of the By-Laws, the exercise of the right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

The Board shall respect the rights of the stockholders as provided for in the **RCC**, namely:

- 1) Right to vote on all matters that require their consent or approval.
- 2) Pre-emptive right to all stock issuances of the Corporation, if applicable under the Corporation's Articles of Incorporation and By-Laws.
- 3) Right to inspect corporate books and records.
- 4) Right to information.
- 5) Right to dividends.
- 6) Appraisal right.

The Board shall also respect the following rights of stockholders, subject to such guidelines as set by the Board, or its Committees to prevent the abuse of rights:

- 1) Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting;
- 2) Right to nominate candidates to the Board of Directors;
- 3) Nomination process; and
- 4) Voting procedures that would govern the Annual and Special Shareholders' Meeting.

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.

#### **XIV RESOLVING STOCKHOLDERS' DISPUTES**

It shall be the policy of the Corporation to resolve disputes or differences with stockholders, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation, or arbitration.

In doing so, the Corporation complies with, abides and is guided by the policy set forth in Republic Act No. 9285, or the Alternative Dispute Resolution Act of 2004 and shall explore mutually acceptable alternative means or procedures in resolving disputes provided by law prior to resorting to court action, to the extent that such is feasible and will not prejudice the right of the Corporation.

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

## **XV DISCLOSURE AND TRANSPARENCY**

The Corporation shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

All material information about the Corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of material assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.

The Board shall commit at all times to fully disclose material information dealings, such as any dealings in the Corporation's shares and any material fact or event that occurs, particularly on the acquisition or disposal of significant assets, as well as material non-financial and sustainability issues. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders. The Corporation should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information.

**In adherence with recommended best practice, CLI adopts a policy requiring all directors and officers to disclose and report to the Corporation any dealings in CLI-issued investment securities (including equity securities and debt securities) within three (3) business days. For this purpose, all members of the CLI Board and officers of the Corporation are obligated to fully and timely disclose and report to the Compliance Officer and Investor Relations Officer any dealings in CLI-issued investment securities (including equity securities and debt securities) within 3 business days from transaction date, and without need of prior demand from CLI or its authorized representatives. All directors and officers are instructed to provide all relevant information and documents as may be requested by the Compliance Officer or the Investor Relations Officer, for purposes of complying with the aforementioned disclosure policy and/or regulatory requirements.**

Management shall provide members of the Board with complete, adequate, and timely information about the matters to be taken in their meeting. Further, the members of the Board shall be given independent access to Management and the Corporate Secretary. The members of the Board, individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Corporation's expense.

## **XVI MONITORING AND ASSESSMENT**

The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under this Manual.

This Manual shall be subject to review, and may be amended or revised at any time at the discretion of the Board.

## **XVII PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL**

To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers, and employees, in case of violation of any of the provisions of this Manual:

- 1) In case of first violation, the subject personnel shall be reprimanded.

- 2) Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
- 3) For third violation, the maximum penalty of removal from office shall be imposed.

The commission of a third violation of this Manual by any member of the Board of the Corporation shall be a sufficient cause for removal from directorship.

The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

## **XVIII ADOPTION AND EFFECTIVITY**

**This Amended Manual on Corporate Governance, approved by the CLI Board of Directors on June 04, 2024, shall be effective immediately.**

**THIS AMENDED MANUAL SHALL BE AVAILABLE FOR INSPECTION BY ANY STOCKHOLDER OF THE CORPORATION AT REASONABLE HOURS ON BUSINESS DAYS.**

This Amended Manual on Corporate Governance is signed and approved by the Board of Directors on June 04, 2024.



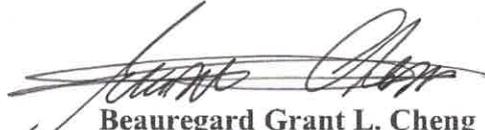
Jose R. Soberano III  
Chairman of the Board



Ma. Rosario B. Soberano  
Director



Jose Franco B. Soberano  
Director



Beauregard Grant L. Cheng  
Director



Joanna Marie S. Bergundthal  
Non-Executive Director

Certified by:



Atty. Alan C. Fontanosa  
Corporate Secretary