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<b>Approved by</b>	:	Board of Directors
<b>Approval Date</b>	:	December 6, 2021

**RASLAG CORP.  
MANUAL ON CORPORATE GOVERNANCE**

The Board of Directors and Management of RASLAG CORPORATION (hereinafter referred to as RASLAG) commit themselves to the principles and best practices of good corporate governance contained in this Manual, and acknowledge the same as a guide towards the attainment of their corporate goals.

**I. INTRODUCTION, OBJECTIVE AND DEFINITION OF TERMS**

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

The Board of Directors and Management, employees and Shareholders of RASLAG, believe that corporate governance is a necessary component of what constitutes a sound strategic business management and will endeavor to undertake all reasonable efforts necessary to create awareness within the organization.


B. The provisions of this Manual and the enforcement thereof shall be subject to quarterly review or such other frequency of review as may be determined by the Board of Directors. All business processes and practices of RASLAG that are not consistent with the Corporate Governance policies set out in this Manual shall be revoked or updated to ensure compliance with this Manual. This Manual shall be periodically reviewed and amended, if needed, to take into account the Company's changing needs, the conditions prevailing in its environment, and regulatory requirements. Any such amendment of this Manual shall be subject to the approval of the Board of Directors.

C. The Directors, Officers, Management, and unit heads shall ensure that this Manual shall be accessible to all employees and shall enjoin their compliance with its provisions. With the proper dissemination of this Manual, it is expected that everyone in RASLAG will be familiar with its contents, thus enabling everyone to observe not only its letter, but also its spirit.

D. Adoption and Effectivity

This Manual on Corporate Governance was adopted in the Special Board of Directors' meeting on November 11, 2021 and is made effective immediately.

E. The following capitalized terms are used in this Manual with the respective

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meanings ascribed to such terms below, unless the context otherwise requires:

1. Corporate Governance – is a system of stewardship and control to guide organizations in fulfilling their long term economic, moral, legal and social obligations towards their Stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board of Directors and senior management accountable for ensuring ethical behavior and reconciling long term customer satisfaction with Shareholder value for the benefit of all Stakeholders and society.

Its purpose is to maximize the organization’s long-term success, creating sustainable value for its Shareholders, Stakeholders and the nation.

2. Board of Directors - the governing body elected by the Shareholders which exercises the corporate powers of RASLAG, conducts all of its business and controls its properties.

3. Management – 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 RASLAG.

4. Independent Director – a person who is independent of management and the controlling Shareholder, and is free from any business or any 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 RASLAG.


5. Executive Director – a director who is a member of the day-to-day operations of a part or the whole of RASLAG.

6. Non-Executive Director - a director who has no executive responsibility and does not perform any work related to the operations of RASLAG.

7. Internal Control - a process designed and effected by the Board of Directors, senior management and all levels of personnel to provide reasonable assurance of the achievement of its objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the policies and procedures of RASLAG.

8. Enterprise Risk Management – a process, effected by RASLAG’s Board of Directors, Management and other personnel, applied in strategy setting and across RASLAG 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.

9. Related Party – covers RASLAG's subsidiaries, as well as affiliates and

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any party (including their subsidiaries, affiliates and special purpose entities), that RASLAG exerts direct or indirect control over or that exerts direct or indirect control over RASLAG, its 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 RASLAG.

10. Related Party Transactions - a transfer of resources, services or obligations between RASLAG 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 become a related party.

11. Stakeholders – any individual, organization or society at large who can either affect and/or be affected by the company’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.

12. Shareholder – any person, whether natural or juridical, who owns at least one (1) share of stock in Raslag Corporation.

## II. CORPORATE GOVERNANCE RESPONSIBILITIES OF THE BOARD

### A. Board of Directors


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

It shall be the responsibility of the Board of Directors to foster the long-term success of RASLAG and secure its sustained competitiveness in the manner consistent with its fiduciary responsibility, which it shall reasonably exercise in the best interest of RASLAG, its Shareholders and other Stakeholders. The Board of Directors shall conduct itself with honesty and integrity in the discharge of its duties, functions and responsibilities.

#### 1. Composition of the Board

a. The Board of Directors shall be composed of nine (9) Shareholders elected by Shareholders with three (3) Independent Directors, subject to upward adjustment as may be mandated by SEC.

b. The Shareholders may elect a combination of Executive Directors and Non-Executive Directors, which in general, shall be composed of a majority of Non-Executive Directors who possess the necessary qualifications to effectively participate and help secure

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objective independent judgment on corporate affairs and to substantiate proper checks and balances.

c The Board of Directors shall be headed by a competent and qualified Chairman.

d The positions of Chairman of the Board of Directors and Chief Executive Officer, if possible, shall be held by separate individuals and each should have clearly defined responsibilities.

## 2 Training

a A director shall, as much as practicable, before assuming his position, be required to attend a seminar on corporate governance from duly SEC- accredited training providers.

b RASLAG shall provide general access to training courses to its directors to keep them updated in their knowledge and understanding of its business. It may cover courses on corporate governance matters, such as audit, internal controls, risk management, Related Party Transactions, sustainability, and strategy.

## 3 Board Diversity

RASLAG shall, as much as practicable, endeavor to ensure diversity in the Board of Directors, in terms of age, gender, ethnicity, skills, competence, experience, and knowledge.


## 4 General Responsibility

A director's office is one of trust and confidence. The Director shall act in a manner characterized by transparency, accountability and fairness. The Board of Directors should act as a collegial body, on a fully informed basis, in good faith, with due diligence and care, and in the best interest of RASLAG and all its Stakeholders.

## 5 Specific Duties and Functions

To ensure a high standard of best practice for RASLAG, its Shareholders and other Stakeholders, the Board of Directors shall, as much as practicable:

a Install and implement a process of selection to ensure the election/appointment of competent directors, who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;

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b. Determine RASLAG's purpose, vision, mission, and values. Formulate the strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance;

c. Formulate a Board Charter to serve as a guide to the directors in the performance of their functions. The Board Charter shall be posted on RASLAG's website;

d. Adopt and ensure the proper implementation and monitoring of compliance of a Code of Business, Conduct and Ethics, properly disseminated to the members of the Board of Directors, senior management and employees and disclosed and made available to the public through RASLAG's website;

e. Develop systems and procedure to ensure the appointment of competent, professional, honest and highly motivated management officers, and adopts an effective succession-planning program for key officers and Management;


f. Ensure that RASLAG complies with all relevant laws, regulations and best business practices;

g. Identify RASLAG's Stakeholders and formulates a clear policy on communicating or relating with them;

h. Adopt a system of internal checks and balances. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting process. There should be a continuing review of the RASLAG's internal control system in order to maintain its adequacy and effectiveness and ensure the integrity of financial reports and protection of the assets of RASLAG for the benefit of all Shareholders and other Stakeholders. A mechanism shall be setup for monitoring and managing potential conflicts of interest of Management, of Directors and Shareholders;

i. Ensure that there is a policy and system governing Related Party Transactions and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material Related Party Transactions, which guarantee fairness and transparency of the transactions.

j. Identify key risk areas and key performance indicators and

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monitors these factors with due diligence, and ensures that a sound Enterprise Risk Management framework is in place through the Risk Oversight Committee;

k See to it that it properly discharges its functions by meeting per the set schedule and agenda. Independent views during Board of Directors meetings shall be encouraged and given due consideration. All Board of Directors and committee meetings shall be duly minuted;

l Keep its own activities and decisions within its authority and within the powers of RASLAG as prescribed in the Articles of Incorporation, By-laws and existing laws, rules and regulations;

m Formulate and implement group-wide policies and procedures that would ensure the integrity and transparency of Related Party Transactions between and among RASLAG, joint ventures, subsidiaries, associates, affiliates, major Shareholders, officers including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board of Directors;

n Establish and maintain an alternative dispute resolution system in RASLAG that can amicably settle conflicts or differences between RASLAG and its Shareholders, and RASLAG and third parties, including the regulatory authorities;

o Conduct an annual self-assessment of its performance, including the Chairman, individual members and the Board Committees. Every two (2) years an external facilitator shall support the assessment;


p Ensure that the remuneration of key officers and members of the Board of Directors are aligned with the long-term interests of RASLAG, as well as at par with comparable entities; and

q Assess the performance of the Management based on established performance standards that contribute to the attainment of RASLAG's corporate charter, strategic map and performance scorecard.

## 6 Duties and Responsibilities of a Director

The duties and responsibilities of a director shall include the following:

a To fairly conduct business transactions with RASLAG and to ensure that personal interest and bias do not affect Board of Directors

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decisions;

- b. To devote time and attention necessary to properly discharge his duties and responsibilities;
- c. To act judiciously;
- d. To exercise independent judgment;
- e. To have working knowledge of statutory and regulatory requirements affecting RASLAG, including the contents of its Articles of Incorporation and By-laws, the requirements of the Securities Exchange Commission, and where applicable, the requirements of other regulatory agencies;
- f. To observe confidentiality;
- g. To ensure the continuing soundness, effectiveness and adequacy of RASLAG's control environment; and
- h. To notify the Board of Directors before accepting a directorship in another company.

#### 7. Nomination and Election of the Board of Directors

In addition to the Revised Implementing Guidelines of the Nomination Compensation and Election Committee, the nomination and election of directors shall be guided by the following:

- a. The Corporate Secretary shall set areas on able sufficient period for the submission of names of nominees for election to the Board of Directors. All nominations must be in writing and addressed to the Corporate Secretary. The nomination of Independent Directors must contain the written conformity of the nominee;
- b. The Nomination Compensation and Election Committee shall convene at least sixty (60) calendar days prior to the election, to pre-screen and check the qualifications and disqualifications of all nominees to be elected to the Board of Directors. Only the names in the Final List of Candidates issued by a majority vote of the said Committee and no other, shall be considered for election by the Shareholders; and
- c. RASLAG may engage the services of an external party to validate the voting results.



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d The Non-Executive Directors of the Board of Directors should not concurrently serve as directors to more than 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 RASLAG.

e A director should notify the Board of Directors before accepting a directorship in another company.

**B. Compliance Officer**

To ensure adherence to corporate principles and best practices, the Chairman of the Board of Directors shall designate a Compliance Officer who shall have a senior rank with adequate stature, resources and authority in Raslag who shall be endorsed by the Corporate Governance Committee He shall have the direct reporting responsibilities to the Chairman of the Board of Directors and is primarily liable to RASLAG and its Shareholders. The Compliance Officer shall not be a member of the Board of Directors and should annually attend a training on corporate governance.

1. The duties of the Compliance Officer shall include the following:

a Monitors, reviews, evaluates and ensures compliance by RASLAG, its officers and directors with the relevant laws, the Code of Corporate Governance for Public Companies and Registered Issuers under SEC Memorandum Circular No. 24, S. 2019 (or any equivalent that the SEC may issue in the future) rules and regulations and all governance issuances of regulatory agencies;


b Reports to the Board of Directors if violations are found and recommends the imposition of appropriate disciplinary action;

c Appears before the SEC when summoned on similar matters that need to be clarified by the SEC and in relation to compliance with the Code of Corporate Governance for Publicly-Listed Companies;

d Determines violations of the Manual, reporting the matter first to the Chairman of the Corporate Governance Committee of the Board and the Board Chairman. This will be contained in a formal report with recommended remedial measures or imposition of appropriate disciplinary action on responsible parties to prevent repetition of the violation, in accordance with the provisions of the Manual;

e Identifies, monitors and controls compliance risk and works towards the resolution of compliance issues;



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f Ensures proper onboarding of new directors (ie. orientation on RASLAG's business, charter, Articles of Incorporation and By-laws, among others);

g Ensures the integrity and accuracy of all documentary and electronic submissions to regulators;

h Collaborates with other departments to properly address compliance issues, which may be the subject of investigation;

i Ensures the attendance of the Board of Directors' members and key officers to relevant trainings; and

j Performs such other duties and responsibilities as may be directed by SEC.

2 The appointment of the Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.


### C. Corporate Secretary

1 The Corporate Secretary shall assist the Board of Directors in its duties. The Corporate Secretary is an officer of RASLAG and is expected to perform his duties efficiently and diligently. The Corporate Secretary shall be a Filipino citizen. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He preferably must also have some financial and accounting skills. The Corporate Secretary shall be a separate individual from the Compliance Officer, shall not be a member of the Board of Directors and should annually attend a training on corporate governance.

#### 2 Duties and Responsibilities of the Corporate Secretary:

a Assists the Board of Directors and the Board Committees in the conduct of meetings, including the preparation of annual schedule and agenda of the meetings, and assisting the chairs of the Board and its committees to set agendas for those meetings;

b Informs the Board of Directors and the Board Committees, the agenda of the meetings, at least five (5) working days in advance, and ensures that the members thereof have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

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c Gathers and analyzes all documents, records and other information essential to the conduct of his duties and responsibilities to RASLAG;

d Safe keeps and preserves the integrity of the minutes of the meetings of the Board of Directors and Board Committees as well as other corporate records;

e Keeps abreast of relevant laws, regulations, all governance issuances, relevant industry developments and operations of RASLAG and as much as practicable advises the Board of Directors and the Chairman on all relevant issues as they arise;

f Assists the Board of Directors in making business judgment in good faith and in the performance of their responsibilities and obligations by giving timely legal advice;

g Attends all Board of Directors' meetings and maintains records of the same, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;

h Submits to the Securities Exchange Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board of Directors meetings;

i Ensures that all procedures, rules and regulations are followed by the Shareholders;


j Works fairly and objectively with the Board of Directors, Management and shareholders and contributes to the flow of information between the Board of Directors and Management, the Board of Directors and its committees, and the Board of Directors and its Stakeholders, including the Shareholders;

k Advises on the establishment of Board Committees and their terms of reference;

l Assist Board Committees by providing advice and by keeping records of Board Committee meetings.

m Oversees the drafting of the by-laws and ensure that they conform to regulatory requirements; and

n Performs other duties which the Board of Directors may deem fit and as may be directed by SEC.

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#### D. Board Committees

To aid in complying with the principles of good corporate governance, the Board of Directors may constitute appropriate committees to focus on specific Board of Directors functions to aid in the optimal performance of its roles and responsibilities. The type of Board committees to be established by RASLAG would depend on its size, risk profile and complexity of operations. The following are the Board Committees:

##### 1. Nomination, Compensation and Election Committee


a The Nomination, Compensation and Election Committee shall be composed of the Chairman, and two (2) directors appointed by the Board of Directors (including one senior officer who is non- voting). The committee shall ensure that through a managed and effective system consistent with the by-laws, board elections are made that provide a mix of proficient directors, each of which is able to add value and to bring prudent judgment to bear on the decision- making process.

b The Nomination, Compensation and Election Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications, and disqualifications provided under the Revised Corporation Code, the Securities and Regulation Code, other relevant laws, and RASLAG's By-laws and take into consideration the availability, capability, track record and experience of all nominees for regular as well as for Independent Director. The following are the minimum qualifications and disqualifications of directors:

##### Qualifications:

- i A Shareholder of record in the books of RASLAG, owning at least one (1) share of the capital stock of RASLAG. He must continuously own at least one (1) share of stock during his term, otherwise he shall automatically cease to be a director.
- ii Have sufficient educational attainment and/or relevant experience in the business of RASLAG.
- iii Proven to possess a record of integrity and good repute.

In consultation with the Nomination, Compensation and Election Committee, the Board of Directors may, from time to time, provide for additional qualifications, disqualifications and grounds for temporary disqualifications of a director, consistent with the Revised

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Corporation Code, the Securities and Regulation Code and other relevant laws/regulations, RASLAG's By-laws and this Manual

#### Permanent Disqualification

The followings shall be grounds for the permanent disqualification of a director:

- i. Conviction by final judgment by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
  
- ii. By reason of misconduct, after hearing, being permanently enjoined by a final judgement or order of the SEC, Bangko Sentral ng Pilipinas ("BSP") or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, or investment company as an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in this subparagraph and in the immediately preceding subparagraph, or willfully violating the laws that govern securities and banking activities;

The disqualification shall also apply if (a) 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 Revised Corporation Code of the Philippines, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from


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membership, participation or association with a member or participant of the organization;

- iii. 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;
- iv. 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 Revised Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
- v. 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;
- vi. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code and Securities Regulation Code, committed within five (5) years prior to the date of his election or appointment;
- vii. Engaged in any business which competes with or is antagonistic to RASLAG;
- viii. Judicially declared insolvent;
- ix. Circumstances or acts clearly demonstrate that the person is not a bonafide nominee and in fact is only a nuisance candidate, or clearly indicate that he does not have any good intentions for RASLAG; and
- x. Other grounds as the relevant laws, rules and regulations may provide.

#### Temporary Disqualification

- i. Absence or non-participation in more than fifty percent (50%) of all meetings (both regular and special) of the Board of Directors during his incumbency, or any 12- month


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period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification shall apply for purposes of the succeeding election.

- i. Dismissal or termination for cause as director of any publicly listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification should be in effect until the director has been cleared from any involvement in the cause that gave rise to the termination or dismissal.
    - ii. Beneficial equity ownership of an Independent Director exceeds two percent (2%) of its subscribed capital stock. The disqualification is lifted if the limit is later complied with.
    - iii. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
- c. In consultation with the Risk Management and Oversight Committees, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirement of the business as a going concern and future expansionary prospect within the realm of good corporate governance at all times.
- d. The Nomination Compensation and Election Committee shall consider the following guidelines in the determination of the number of directorships which a member of the Board of Directors may hold:
  - i. The nature of the business of the corporations in which he is a director;
  - ii. Number of directorships or active memberships and officer ships in other corporations or organizations; and
  - iii. Possible conflict of interest.

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


- e. Included in its duties and responsibilities are the following:
  - i. Nominates directors and reviews the qualifications of Directors, Board Committee Members and Corporate officers;
  - ii. Reviews the structure, size, and composition of the Board of Directors and makes recommendations to ensure that the

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Board of Directors has the required number of Independent Directors;

- iii. Screens individuals nominated for election as directors to ensure that such nominees possess all the qualifications and none of the disqualifications as may be provided by law, rules and/or regulations;
- iv. Establishes a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provides oversight over remuneration of senior management and other key personnel ensuring that the compensation is consistent with RASLAG's culture, strategy and control environment;
- v. Designates the amount of remuneration, which shall be at a sufficient level to attract and retain directors and officers who are needed to run RASLAG successfully;
- vi. Recommends remuneration packages for corporate and individual performance;
- vii. Develops a Full Business Interest Disclosure form as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties once hired;
- viii. Disallows any director to decide his or her own remuneration;
- ix. Provides in RASLAG's annual reports, information and proxy statements, if applicable, a clear, concise and understandable disclosure of the compensation of its executive officers for the previous fiscal year and the ensuing year;
- x. Reviews the existing salary structure of the senior management;
- xi. Determines the nomination and election process for RASLAG's directors and has the special duty of defining the general profile of Board of Directors' members that



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RASLAG may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board of Directors; and

- xii. Performs other tasks and duties as may be requested or delegated by the Board of Directors.

f. The Chief Executive Officer and both Executive Directors and Non-Executive Directors as well as Independent Directors, shall submit themselves to reasonable indicative limit on membership in other corporate boards. The Board of Directors may consider the adoption of guidelines on the number of directorships that its members can hold in publicly listed corporations while ensuring that their legal right to vote and be voted as directors remains in violable. The Board of Directors should take into consideration the ability of the director to diligently and efficiently perform his duties and responsibilities and the nature and kind of corporations he/she may be director of, regardless of the number of directorships he/she may be holding in any case, the capacity of directors to serve with diligence shall not be compromised.


## 2 Corporate Governance Committee

a. The Corporate Governance Committee shall be composed of at least a three (3) directors, majority of whom should be Independent Directors. The Chairman of the Committee shall be an Independent Director.

b. The Corporate Governance Committee is tasked to assist the Board of Directors in the performance of its corporate governance responsibilities.

c. The Corporate Governance Committee must ensure compliance with and proper observance of corporate governance principles and practices. The following are its duties and functions:

- i. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in the light of material changes in RASLAG's size, complexity and business strategy as well as its business and regulatory requirements;
- ii. Oversees the periodic performance evaluation of the Board of Directors and its committees as well as Management and conducts annual self-evaluation of its performance;
- iii. Ensures that the results of the Board of Directors'

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evaluation are shared and discussed, and that concrete action plans are developed and implemented to address the identified areas of improvement;


- iv. Recommends, proposes and plans continuing education or relevant training programs for directors, assignment of tasks or projects to board committees and succession plan for the Board of Directors' members and senior officers;
- v. Adopts corporate governance policies that comply with statutory requirements and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- vi. Ensures that RASLAG has at least two (2) Independent Directors or at one-third of the members of such Board of Directors, whichever is higher, or in such minimum number as may be mandated by the relevant laws, rules and regulations; and
- vii. Reviews the recommendations of the Compliance Officer or any other Board of Directors' member with regard to the requirements and/or violations of the Manual for Corporate Governance and other corporate governance rules and endorses the same to the Board of Directors for its review and/or approval.

### 3. Risk Management and Oversight Committee

a. The Board of Directors should establish a separate Risk Management and Oversight Committee that should be responsible for the oversight of RASLAG's Risk Management system to ensure its functionality and effectiveness. It shall be composed of at least three (3) directors, the majority of whom should be Independent Directors. The Board of Directors shall designate the Committee Chairman, who must be an Independent Director.


b. The Risk Management and Oversight Committee shall have the following powers and functions:

- i. Oversees the formulation and establishment of a formal enterprise-wide risk management system which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals and objectives, (c) uniform processes of assessing risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and

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measures;

- ii. Conducts regular discussions on RASLAG's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- iii. Reviews, analyzes and recommends the policy, framework, strategy, method, system and/or plan used by RASLAG to manage risks, threats or liabilities;
- iv. Revisits defined risk management strategies, looks for emerging or changing material exposures, and keeps abreast of significant developments that seriously impact the likelihood of harm or loss
- v. Advises the Board of Directors on its risk appetite levels and risk tolerance limits;
- vi. Reviews at least annually, RASLAG's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and major events which may have occurred in RASLAG;
- vii. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of RASLAG and its Stakeholders;
- viii. Reviews and assesses the likelihood and magnitude of the impact of material events on RASLAG and/or recommends measures, responses or solutions to avoid or reduce risks or exposures;
- ix. Reports to the Board of Directors on a regular basis, or as deemed necessary, RASLAG's material risk exposures, the action taken to reduce the risk, and recommends further action or plans, as necessary;
- x. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness;
- xi. Advises the Board of Directors on its risk appetite levels and

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risk tolerance limits and reviews the same, at least annually;

- xii. Performs oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk of RASLAG. This function includes regularly receiving information on risk exposures and risk management activities from Management;
- xiii. Monitor any current or pending litigation or dispute that has a material risk exposure for RASLAG.
- xiv. Review and endorse the company's plan for cyber security and monitor progress against the plan;
- xv. Review and endorse any material or significant changes to RASLAG's cyber program and monitor its progress;
- xvi. Review and endorse RASLAG's cyber security strategy;
- xvii. Review and endorse RASLAG's cyber security framework;
- xviii. Oversee compliance with cyber security license conditions and reporting requirements to regulatory and government bodies; and
- xix. Performs such other duties and functions and/or assumes such responsibilities as may be delegated by the Board of Directors.


#### 4. Audit Committee

a. The Audit Committee shall as much as practicable be composed of at least three (3) Non-Executive Directors of the Board of Directors, the majority of whom shall be Independent Directors. The Committee Chairman shall be appointed by the Board of Directors who must be an Independent Director and preferably should not be the chairman of any other committees. Each member shall have adequate understanding at least, or competence at most, of RASLAG's financial management systems and environment.

b. The Board of Directors shall have an Audit Committee to enhance its oversight capability over the RASLAG's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations.


Included in the duties and responsibilities are:

- i. Recommends the approval of the Internal Audit Charter (IA

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Charter) defining the role of Internal Audit and the audit plan and the implementation of the IA Charter;

- ii. Monitors and evaluates, through the Internal Audit Department, the adequacy and effectiveness of RASLAG's internal control system, integrity of financial reporting and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be placed in order to: (a) safeguard RASLAG's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect accuracy and reliability of RASLAG's financial data, and (d) ensure compliance with applicable laws and regulations;
- iii. Oversees the Internal Audit Department and recommends the appointment and/or grounds for approval of an internal audit head or chief audit executive. It approves the terms and conditions for outsourcing internal audit services if applicable;
- iv. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities, wherein for this purpose, the Internal Auditor should directly report to the Audit Committee;
- v. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- vi. Reviews and approves all financial reports against their compliance with both the internal financial management handbook and pertinent accounting standards, including tax, legal and regulatory requirements, going concern assumptions and significant adjustments;
- vii. Prior to the commencement of an audit, discusses 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 identify proper coverage and minimize duplication of efforts;
- viii. Evaluates and determines 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 and RASLAG's overall consultancy expenses. The Audit Committee should disallow any non-audit work that will

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conflict with the duties of an External Auditor or may pose a threat to its independence. The non-audit work, if allowed, should be disclosed in RASLAG's Annual Report and Annual Corporate Governance Report;

- ix. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board of Directors, with particular focus on the following matters:
  - Any change/s in accounting policies and practices,
  - Areas where a significant amount of judgment has been exercised,
  - Significant adjustments resulting from the audit
  - Going concern assumptions,
  - Compliance with accounting standards, and
  - Compliance with tax, legal and regulatory requirements;
- x. Reviews the disposition of the recommendations in the External Auditor's management letter;
- xi. Performs oversight functions over RASLAG's Internal and External Auditors and ensures their independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- xii. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- xiii. Reviews with Management or as necessary, the Corporate performance in the areas of managing credit, market, liquidity, operational, legal and other risks of RASLAG and crisis management;
- xiv. Reviews the disposition of the recommendations in the External Auditor's management letter;
- xv. Performs oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risk of RASLAG, and crisis management;
- xvi. Pre-approves all external audit plans, scope, nature, expenses and frequency at least one (1) month before the conduct of external audit and examines and determines any non-audit

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work including non-audit fees who undertakes an independent audit of RASLAG, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the Shareholders;

- xvii. Recommends to the Board of Directors the appointment, reappointment, removal and fees of the External Auditors, duly accredited by the SEC;
- xviii. Performs direct interface functions with the Internal and External auditors;
- xix. Ensures full compliance with Philippine Accounting Standards (PAS);
- xx. Develops a transparent financial management system that will ensure the integrity of internal control activities throughout RASLAG thru step-by-step procedures and policies handbook that will be used by the entire organization; and
- xxi. Meets internally with the Board of Directors at least once a quarter without the presence of the CEO or other Management team members, and periodically meets with the head of the IA.

## 5. Related Party Transactions Committee


a. The Board of Directors should establish a Related Party Transactions Committee which should be tasked with reviewing all material related party transactions of RASLAG. It shall be composed of at least three (3) non-Executive Directors, two (2) of whom, including the Chairman, should be independent.

b. The Related Party Transactions Committee shall have the following powers and functions:

- i. Evaluates on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, Related Party Transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, Related Party Transactions and changes in relationships should be reflected in the relevant reports to the Board and





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as the total amount of exposures to all related parties;

- v. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- vi. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting Related Party Transactions, including a periodic review of Related Party Transaction policies and procedures.

## 6. Committee Charters

All established committees shall be required to have Committee Charters which shall state their purpose, memberships, structures, operations, accountabilities, reporting processes, resources and such other relevant information. These Committee Charters and scorecards shall provide the standards for self-assessment and be approved by the Board of Directors prior to posting in RASLAG's website.

## 7. Temporary Disqualification

Absence or non-participation of a committee member in more than fifty percent (50%) of all meetings of the respective committee which he belongs to ("Respective Committee"), during a committee member's incumbency, or any 12-month period during the said committee member's incumbency, unless the absence is due to illness, death in the immediate family or serious accident, shall temporarily disqualify the said committee member from being a member of the Respective Committee in a succeeding appointment.

## E. Reinforcing Board Independence

1. The Board of Directors shall, in accordance with law, have at least two (2) Independent Directors or at least one-third of the members of such Board of Directors, whichever is higher, or in such minimum number as maybe mandated by the SEC.

2. The Board of Directors shall ensure that its Independent Directors possess the necessary qualifications and none of the disqualifications as required by SEC and other applicable laws and regulations. Prior to election the nominees shall submit a Certification of Qualifications.

An Independent Director refers to a person who, ideally:

- a. Is not, or has not been a senior officer or employee of RASLAG

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unless there has been a change in the controlling ownership of RASLAG;

b Is not, and has not been in the three (3) years immediately preceding the election, a director of RASLAG; a director, officer, employee of RASLAG's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of RASLAG's substantial Shareholders and its related companies;

c Has not been appointed in RASLAG, its subsidiaries, associates, affiliates or related companies as Chairperson "Emeritus", "Ex-Officio" Directors/Officers, or member of any Advisory Board, or otherwise appointed in a capacity to assist the Board of Directors in the performance of its duties and responsibilities within three (3) years immediately preceding his election;

d Is not an owner of more than two percent (2%) of the outstanding shares of RASLAG, its subsidiaries, associates, affiliates or related companies;


e Is not a relative of a director, officer, or substantial Shareholder of RASLAG or any of its related companies or of any of their substantial shareholders. For this purpose, relative include spouse, parent, child, siblings and the spouse of such child or sibling;

f Is not acting as nominee or representative of any director of RASLAG or any of its related companies;

g Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker- dealer firm, which includes, among others, a director, officer, principal shareholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

h Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of RASLAG, any of its related companies or substantial Shareholder, or is otherwise independent of Management and free from any business or other relationship within three (3) 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 RASLAG or any of its

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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 RASLAG or any of its related companies or substantial Shareholders;

k Is not employed as an executive officer of another company where any of RASLAG's executives serve as directors;

"Related Companies" as used in this section refer to: (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

l Shall be at least a college graduate or he shall have been engaged or exposed to the business of RASLAG for at least five (5) years;

m Shall possess integrity/probity; and

n Shall be assiduous.


The qualifications and disqualifications for Independent Directors shall include other qualifications and disqualifications as the relevant laws, rules and regulations may provide.

As a rule, Independent Directors may, starting 2021, serve for a maximum of nine (9) cumulative years, after which, the Independent Director should be perpetually barred from re-election as such in RASLAG, but may continue to qualify for nomination and election as a non-Independent Director. If RASLAG wants to retain an Independent Director who has served for nine (9) cumulative years, the Board of Directors should provide meritorious justifications and sufficient reasons to believe that the individual concerned remains to be independent and advise the Shareholders of such justifications during the annual Shareholders' meeting.

3 The CEO has the following roles and responsibilities, among others:

a Determines RASLAG's strategic direction and formulates and implements its strategic plan on the direction of the business;

b Communicates and implements RASLAG's vision, mission, values and overall strategy and promotes any organization or Stakeholder change in relation to the same;

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- c Oversees the operations of RASLAG and manages human and financial resources in accordance with the strategic plan;
- d Has a good working knowledge of RASLAG's industry and market and keeps up-to-date with its core business purpose;
- e Directs, evaluates and guides the work of the key officers of RASLAG;
- f Manages RASLAG's resources prudently and ensure a proper balance of the same;
- g Provides the Board of Directors with timely information and interfaces between the Board of Directors and the employees;
- h Builds the corporate culture and motivates the employees of RASLAG; and
- i Serves as the link between internal operations and external Stakeholders.

4. The Board of Directors shall designate a lead director among the Independent Director if the Chairperson of the Board of Directors is not independent, including if the positions of the Chairperson of the Board of Directors and Chief Executive Officer or its equivalent are held by one person. The lead director shall serve as an intermediary between the Chairman and other directors, convene and chair the meetings of Non- Executive Directors and contribute to the performance evaluation of the Chairman.

5. A director with a material interest in any transaction affecting RASLAG shall fully disclose his adverse interest, abstain from taking part in the deliberations of the same and recuse from voting on the approval of the transaction.

6. The Non-Executive Directors shall have separate periodic meetings with the external auditor and heads of internal audit, compliance and risk functions, without any Executive Directors present. The meetings should be chaired by the lead Independent Director, if applicable.

#### F. Related Party Transactions

The Board of Directors shall initiate policies and measures geared towards promotion of transparency, prevention of abuse, and protection of the interest of all Shareholders. One such measure is the required ratification by Shareholders of material of significant

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Related Party Transactions approved by the Board of Directors, in accordance with existing laws. Other measures include ensuring that transactions occur at market prices, at arm's-length basis and under conditions that protect the rights of all Shareholders.

The following shall be contained in the Related Party Transactions Policy:

1. Definition of related parties;
2. Coverage of Related Party Transactions policy;
3. Guidelines in ensuring arm's-length terms;
4. Identification and prevention or management of potential or actual conflicts of interest which may arise;
5. Adoption of materiality thresholds;
6. Internal limits for individual and aggregate exposures;
7. Whistle-blowing mechanisms; and
8. Restitution of losses and other remedies for abusive Related Party Transactions.


In addition, RASLAG has the discretion set the materiality threshold at a level where the omission or misstatement of the transaction could pose a significant risk to RASLAG and influence its economic decision, which materiality threshold may be directed to be reduced by the SEC.

Depending on the materiality threshold, approval of Management, the Board of Directors or the Shareholders may be required. In cases where the Shareholders' approval is required, it is good practice for interested Shareholders to abstain and let the disinterested parties or majority of the minority Shareholders decide.

### III. DISCLOSURE AND TRANSPARENCY

#### A. Reportorial or Disclosure System of RASLAG's Corporate Governance Policies

1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the Corporate Secretary, through RASLAG's Compliance Officer.
2. All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, and Related Party Transactions, shareholding of directors and changes of ownership, including

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material and reportable non-financial and sustainability issues.

3. Other information that shall always be disclosed includes remuneration (including stock options) of all directors, senior management and key management personnel, corporate strategy and off-balance sheet transactions.

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

5. The Board of Directors should fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

6. The Board of Directors shall commit at all times to fully disclose information on material dealings. It shall cause the filing of all required information for the interest of its Shareholders and other Stakeholders.

7. RASLAG shall establish corporate disclosure policies and procedures that are practical, reasonable and in accordance with best practices, regulatory expectations and legal requirements, to ensure a comprehensive, accurate, reliable and timely report to Shareholders and other Stakeholders, giving a fair and complete picture of RASLAG's financial condition, results and business operations.

8. RASLAG shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information which may include media and analysts' briefings.


9. The directors and officers shall disclose/report to RASLAG any dealings in RASLAG's shares within three (3) business days from occurrence.

#### B. External Auditor

1. The selection, appointment, re-appointment, removal and fees of external auditor shall be approved by the Board of Directors upon the recommendation of the Audit Committee and ratified by the Shareholders. An external auditor shall ensure an environment of good corporate governance as reflected in the financial records and reports of RASLAG.

2. The reason/s for any resignation, dismissal or cessation from service and the date thereof of the external auditor shall be reported in RASLAG's annual and current reports. The reports shall include a discussion of any



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disagreement with the former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

3. The external auditor of RASLAG shall not at the same time serve as its internal auditor to the same client. RASLAG shall ensure that other non-audit work will not be in conflict with the functions of the external auditor. Should there be non-audit services, RASLAG shall disclose its nature in the Annual Report.

4. RASLAG's external auditor shall either be rotated or the handling partner changed every five (5) years or earlier.

5. If an external auditor believes that the statements made in RASLAG's annual report, information statement or proxy statement that were filed during his engagement is incorrect or incomplete, he shall present his views on the reports.

6. The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors.

#### IV. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK


A. RASLAG shall establish a strong and effective internal control system and enterprise risk management framework.

B. A separate independent internal audit function in RASLAG shall be in place to monitor and guide the implementation of RASLAG's policies. This function shall be performed by an Internal Auditor or a group of Internal Auditors, through which the Board of Directors, senior management, and Shareholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

C. The Internal Auditor shall be appointed by the Board of Directors and directly report to the Audit Committee. He shall oversee and be responsible for the internal audit activity of RASLAG.

D. The minimum internal control mechanisms for Management's operational responsibility shall center on the CEO, ultimately accountable for RASLAG's organizational and procedural controls.

E. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors; the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent

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and effectiveness of information technology; and the extent of regulatory compliance.

F. The functions of Internal Auditor shall be provided in the Internal Audit Charter.


G. RASLAG shall have a separate risk management function to identify, assess and monitor key risk exposures.

The risk management function involves the following activities, among others:

1. Defines a risk management strategy;
2. Identifies and analyzes key risk exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
3. Evaluates and categorizes each identified risk using RASLAG's predefined risk categories and parameters;
4. Establishes a risk register with clearly defined, prioritized and residual risk;
5. Develops a risk mitigation plan for the most important risks to RASLAG, as defined by the risk management strategy;
6. Communicates and reports significant risk exposures including business risks (i.e. strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Risk Management and Oversight Committee; and
7. Monitors and evaluates the effectiveness of the organization's risk management processes.

H. In managing the company's Risk Management System, the company should have a Chief Risk Officer ("CRO") who is the ultimate champion of Enterprise Risk Management ("ERM") and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a company's size, risk profile and complexity of operations. The CRO has the following functions, among others:

1. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
2. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight

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Committee;

3. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
4. Suggests ERM policies and related guidance, as may be needed; and;
5. Provides insights on the following:
  - a. Risk management processes are performing as intended;
  - b. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
  - c. Established risk policies and procedures are being complied with.

There shall be clear communication between the Board Risk Oversight Committee and the CRO.

## V. SHAREHOLDER'S AND EMPLOYEES' BENEFIT

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

### A. Investors' Right and Protection

#### 1. Rights of Investors/Shareholders


The Board of Directors respects the rights of the Shareholders in accordance with the Revised Corporation Code.

#### 2. Voting Right

- a. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code and RASLAG's By-laws.
- b. Cumulative voting maybe used in the election of directors.
- c. A director shall not be removed without cause if it will deny minority Shareholders representation in the Board of Directors.

#### 3. Pre-emptive Right

All Shareholders shall enjoy pre-emptive right to subscribe to all issues or

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disposition of shares of any class in proportion to their respective shareholdings unless such rights are denied in RASLAG's Articles of Incorporation or an amendment thereto. This right shall be subject to the limitations/expectations prescribed under the Revised Corporation Code.

#### 4. Right of Inspection

Shareholders shall be allowed to inspect corporate books and records in accordance with the Revised Corporation Code. They shall be furnished with RASLAG's Annual Report/s (SEC Form 17-A filed with the SEC) upon request to the Office of the Corporate Secretary. Shareholders shall also be furnished with a copy of the audited Financial Statements (which form part of SEC Form 17-IS or SEC 20 filed with the SEC).

#### 5. Right to Information


a. The Shareholders shall be provided, upon request, with the nomination and removal process of the members of the Board of Directors, the voting procedures that would govern the annual and special Shareholders' meeting latest available reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of RASLAG's shares, dealings with RASLAG, relationships among directors and key officers, and the aggregate compensation of directors and officers.

b. The minority Shareholders shall be granted the right to propose the holding of a meeting in accordance with Section 49 of the Revised Corporation Code and the By-laws of RASLAG and to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

#### 6. Right to Dividends

a. Shareholders shall have the right to receive dividends subject to the discretion of the Board of Directors and in accordance with the Revised Corporation Code.

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

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special reserve for probable contingencies.

#### 7. Appraisal Right

The Shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 81 of the Revised Corporation Code of the Philippines, under any of the following circumstances:

- a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any Shareholders or class of shares, or of authorizing preferences in any respect superior to shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; and
- c. In case of merger or consolidation.

#### 8. Promotion and Enhancement of Rights


- a. It shall be the duty of the directors to promote Shareholder rights, remove impediments to the exercise of Shareholders rights and allow possibilities to seek redress for violation of their rights.
- b. They shall encourage the exercise of Shareholders voting rights and the solution of problems through collective action by the appropriate mechanisms.
- c. They shall be instrumental in removing excessive cost and administrative or practical impediments to Shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic Shareholders to make informed decisions, subject to legal constraints.

#### 9. Shareholder's Attendance and Participation in the Annual Meeting

The Board of Directors shall encourage active Shareholder participation by sending Notice of Annual and Special Meetings with sufficient relevant information at least twenty-eight (28) days before the meeting.

#### 10. Results of the Annual or Special Shareholders' Meeting

Results of the meeting shall be publicly available the next working day after the

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meeting and the Minutes shall be available on RASLAG's website within five (5) business days from the end of the meeting.

11. Investor Relations Office (IRO)

An Investor Relations Office (IRO) shall be established and its officer shall be present at every Shareholders' meeting.

B. Encouraging Employees' Participation

1. The Board of Directors shall establish policies, programs and procedures that encourage employees to actively participate in the realization of RASLAG's goals and in its governance.

2. The Board of Directors shall adopt an anti-corruption policy and program properly disseminated to the employees across RASLAG.

3. The Board of Directors shall establish a suitable framework for whistle blowing that will allow employees to freely communicate their concerns about illegal and unethical practices.

C. Encouraging Sustainability and Social Responsibility

RASLAG shall recognize and place an importance on the interdependence between business and society and promote a mutually beneficial relationship that allows RASLAG to grow its business While contributing to the advancement of the society where it operates.

VI. COMMUNICATION PROCESS


A. This manual shall be available for inspection by any Shareholder of RASLAG at reasonable hours on business days.

B. All directors, executives, division and department head are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

C. A copy of the Manual shall be posted on RASLAG's Website.

VII. MONITORING AND ASSESSMENT

A. The Board of Directors shall conduct an annual self-assessment of its performance, including the performance of the Chairperson, individual members and committees.

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B. Each Committee shall report regularly to the Board of Directors.

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

D. The establishment of the evaluation system, including the features thereof, shall be disclosed in RASLAG's annual report or in such form of report that is applicable to RASLAG. The adoption of such performance evaluation system must be approved by the Board of Directors.

E. This Manual shall be reviewed by the Board of Directors as needed, unless the Board of Directors determines that it should be reviewed at more frequent intervals. The manual may be amended as determined by the Board of Directors from time to time.

F. All business processes and practices being performed within any department or business unit of RASLAG that are not consistent with any portion of this Manual shall be discontinued unless they are changed to the extent necessary to be compliant with this manual.

#### VIII. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL


A. To strictly observe and implement the provisions of this Manual, the following penalties shall, after notice and hearing, be imposed on RASLAG's directors, officers and staff, and on the respective directors, officers and staff of subsidiaries and affiliates in case of violation of any of the provisions of this Manual:

1. In case of the first violation, the subject person shall be reprimanded.
2. Suspension from office shall be imposed in case of the second violation. The duration of the suspension shall depend on the gravity of the violation.
3. For the third violation, the maximum penalty of removal from office shall be imposed.

B. The commission of a third violation of this manual by any member of the Board of Directors of RASLAG or its subsidiary and affiliate shall be a sufficient cause for removal as a director.

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



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## IX. ALTERNATIVE DISPUTE RESOLUTION

The Board of Directors shall allow possibilities for seeking redress for violation of such rights out of court such as negotiation, mediation, conciliation, arbitration, and other alternative dispute resolution mechanisms. In addition, the Board of Directors encourages the exercise of Shareholders' voting rights and collective action towards solution of problems through appropriate mechanisms.

**Peter G. Nepomuceno (SGD.)**

*Chairman of the Board*

**Oliver B. Butalid (SGD.)**

*Corporate Governance Committee Chairman*

**Lyra Gracia Y. Lipae-Fabella (SGD.)**

*Compliance Officer*