AS94002447

S.E.C. Registration Number

PHILEQUITY MANAGEMENT INC.

(Company's Full Name)

15th FLOOR PSE TOWER 5th AVE.
CORNER 28th ST. BONIFACIO
GLOBAL CITY TAGUIG CITY

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

MA. ANGELICA D. CABANIT	8250 8721
Contact Person	Company Telephone Number

12	31	REVISED MCG			
Month	Day	REPORT NAME	Month	Day	Year
Fiscal Year			Period Ended		

(LATE Submission of Reports re: Letter dated July 17, 2017)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

PHILEQUITY MANAGEMENT, INC.

MANUAL ON CORPORATE GOVERNANCE

As approved by the Board of Directors of
PHILEQUITY MANAGEMENT, INC.
August 25, 2020

In compliance with SEC Memorandum Circular 24 series of 2019 on the new Code of Corporate Governance for Public Companies and Registered Issuers, its effectivity date and the required submission on or before September 30 of the new Manual on Corporate Governance of all public companies and registered issuers.

SIGNATURES

Pursuant to the requirements of SEC Memorandum Circular No. 24 series of 2019, this manual is signed on behalf of the Management Company of the issuers by the undersigned, thereto duly authorized, in the City of _________ on __________ 2020.

PHILEQUITY MANAGEMENT, INC.
By:

ROBERTO Z. LORAYES
Chairman

MA. ANGELICA D. CABANIT
Compliance Officer

30 SEP 2020

SUBSCRIBED AND SWORN to before me this _____ day of _______ 2020, the following affiants exhibited to me their competent evidences of their identity:

Name	Competent Evidence of Identity
ROBERTO Z. LORAYES	PP# P2111097A
MA. ANGELICA D. CABANIT	SSS # 03-9748697-1

Doc. No.: 329
Page No. 66
Book No: II
Series of 2020

JOEL E. PANER
NOTARY PUBLIC COMMISSION NO. 2019-042
UNTIL 12/31/2020 MANILA
UNIT AU7M TMR 2 TAFT AVE. MALATE MANILA
Roll No. 44009 IBP Lifetime No. 2015-12-00
PTR No. 9075... / 12-17-19 / MANILA
MCLE COMPLIANCE No. VI-0013321 / 04-14-2022

Table of Contents

THE BOARD'S GOVERNANCE RESPONSIBILITIES

PRINCIPLE 1. ESTABLISHING A COMPETENT BOARD

1. Board Qualification

Philequity Management, Inc. shall be headed by a competent and qualified, working board to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives, its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders. It shall formulate the Corporation's vision, mission, strategic objectives, and policies and procedures that shall guide its activities, including the means to effectively monitor the Management's performance.

To ensure a high standard of best practice for Philequity Management, Inc., its stockholders and other stakeholders, the Board shall conduct itself with utmost honesty and integrity in the performance of, among others their duties, functions and responsibilities.

The members of the Board shall be elected at each annual meeting of the stockholders in accordance with the By-Laws, and shall hold office until the next annual meeting or until successors shall have been duly elected and qualified. The Board shall be composed of eleven (11) members or such other number as the Corporation's Articles of Incorporation shall provide. At least three (3) of the members of the Board, shall be independent directors. Non-executive directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

2. Board Composition – Executive & Non-Executive Directors

Philequity Management, Inc.'s Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company'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.

Philequity Management, Inc.'s Board shall be headed by a competent and qualified Chairperson.

The roles and responsibilities of the Chairperson include, among others, the following:

a. Makes 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. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;

c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and

f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

Further, a board composed of a majority of non-executive directors (NEDs) assures protection of the company's interest over the interest of the individual shareholders. The Nomination Committee determines the qualifications of the NEDs that enable them to effectively participate in the deliberations of the Board and carry out their roles and responsibilities.

The Corporation, in accordance with law, has at any given time, three (3) independent directors. The Corporation may elect to get these directors from the same industry as its business since the former deems it important to have an outsider perspective on its business concerns.

Non-executive directors are not involved in the day-to-day operations of the Corporation. However, they are involved in planning and policy-making.

Non-executive directors also:

a. Review with management, performance of statutory and internal auditors, adequacy of internal control systems, adequacy of internal audit function including their structure, frequency, reporting.

b. Recommend to Board on the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and fixation of audit fees.

c. Are by default members of all committees

3. BOD Orientation and Continuing Education Training Program

Philequity Management, Inc. shall have an orientation program for first-time directors and relevant annual continuing training for all directors which aims to promote effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities. It shall conduct the orientation program for first-time directors, for at least eight hours, while the annual continuing training shall be for at least four hours. The Corporation may opt to do it in-house after SEC accreditation or thru an SEC-accredited trainer.

All directors shall be properly oriented upon joining the board. This shall ensure that new members are appropriately apprised of their duties and responsibilities, before beginning their directorships. The orientation program shall cover SEC-mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct. It shall be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.

The annual continuing training program, on the other hand, shall make certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It shall involve courses on corporate governance matters relevant to the company, including audit, internal controls, risk management, sustainability and strategy. There shall be an assessment of training and development needs in determining the coverage of the continuing training program.

4. **Policy on board diversity**

Having a board diversity policy is a move to avoid groupthink and ensure that optimal decision-making is achieved. The Corporation's diversity policy shall not be limited to gender diversity. It also includes diversity in age, ethnicity, culture, skills, competence and knowledge.

Philequity Management, Inc. shall ensure diversity of experience and background of directors in its Board. It shall 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". It shall not discriminate qualified directors due to age, gender, ethnicity, culture skill, competence and knowledge.

5. Duties and Responsibilities of a Corporate Secretary

Philequity Management, Inc.'s Board shall ensure that it shall be assisted in its duties by a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

The Corporate Secretary shall be primarily responsible to the Corporation and its shareholders, and not to the Chairperson or President nor the Chief Executive Officer 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 other official records of the corporation;

c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;

d. Works 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/her 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.

6. Duties and Responsibilities of a Compliance Officer

Philequity Management, Inc.'s Board shall ensure that it is assisted in its duties by a Compliance Officer, who shall have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

The Compliance Officer shall be a member of the Corporation's management team in charge of the compliance function. Similar to the Corporate Secretary, the Compliance Officer shall be primarily liable to the corporation and its shareholders, and not to the Chairperson or President nor the Chief Executive officer. The Compliance Officer shall have the following duties and responsibilities:

a. Ensures proper onboarding of new directors (i.e., orientation on the company'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, this Code, 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 this Code;

f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;

g. Identifies possible areas of compliance issues and works towards the resolution of the same;

h. Ensures the attendance of board members and key officers to relevant trainings; and

i. Performs such other duties and responsibilities as may be provided by the SEC.

PRINCIPLE 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The fiduciary roles, responsibilities and accountabilities of the Philequity Management, Inc.'s Board as provided under the law, the Corporation's Articles and By-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to shareholders and other stakeholders.

1. Philequity Management, Inc.'s Board shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation, all shareholders and stakeholders.

   There are two key elements of the fiduciary duty of board members: the duty of care and the duty of loyalty. The duty of care requires board members to act on a fully informed basis, in good faith, with due diligence and care. The duty of loyalty is also of central importance; the board member shall act in the interest of the Corporation, all its shareholders and stakeholders, and not those of the controlling company of the group or any other stakeholders.

   The Fiduciary roles and responsibilities of Philequity Management, Inc.'s Board are as follows:

   a. 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;

   b. Appoint competent, professional, honest and highly-motivated management officers and adopt an effective succession planning program for Management;

   c. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures and establish programs that can sustain the Corporation's long-term viability and strength;

   d. Periodically evaluate and monitor the implementation of its strategic policies and programs, business plans, operating budgets, including the Management's overall performance;

   e. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices;

   f. Establish and maintain a Customer Relations Program that will keep the stockholders informed of important developments in the Corporation;

   g. Identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;

   h. Adopt a system of check and balance within the Board, conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times and perform a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness;

   i. 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;

j. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;

k. Constitute Nomination, Compensation and Remuneration, Audit, Risk and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;

l. The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission 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.

m. 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.

n. Meet at such times or frequency as may be needed; the minutes of such meetings shall be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

o. Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws, and in accordance with existing laws, rules and regulations; and

p. Provide the stockholders with a balanced and comprehensive assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect the Corporation's business, as well as reports to regulatory agencies as required by law.

2. Philequity Management, Inc.'s Board shall oversee the development of and approve the Corporation's business objectives and strategy, and monitor their implementation, in order to sustain the Corporation's long-term viability and strength.

   Further, the Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures. Sound strategic policies and objectives translate to the company's proper identification and prioritization of its goals and guidance on how best to achieve them thereby creating optimal value to the Corporation.

3. Philequity Management, Inc.'s Board shall be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall 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.

4. Philequity Management, Inc.'s Board shall align the remuneration of key officers and board members with the long-term interests of the Corporation. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration. The detailed policies and committee duties and responsibilities are contained in the Corporate Governance, Nomination and Remuneration Committee Charter presented in Annex 4.

5. Philequity Management, Inc.'s Board shall have a formal and transparent board nomination and election policy that shall include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors shall be aligned with the strategic direction of the company. The detailed policy statements, duties and responsibilities of the Nomination Committee are contained in the Corporate Governance, Nomination and Remuneration Committee Charter presented in Annex 4.

   The nomination and election process also includes the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates:

   a. 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;
   b. Have a record of integrity and good repute;
   c. Have sufficient time to carry out their responsibilities; and
   d. Have the ability to promote a smooth interaction between board members. A good practice is the use of professional search firms or external sources when searching for candidates to the Board.

   In addition, the process also includes monitoring the qualifications of the directors. The following shall be considered as grounds for the permanent disqualification of a director:

   a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:
      1. Involves the purchase or sale of securities, as defined in the Securities Regulation Code;
      2. 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
      3. 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:
      1. Acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
      2. Acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;

3. Engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

   The disqualification shall also apply if:

   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 Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission 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 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 Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;

   1. Any person judicially declared as insolvent;

   2. 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;

   3. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and

   4. Other grounds as the SEC may provide.

   In addition, the following shall be grounds for temporary disqualification of a director:

   1. 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;

   2. 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 Commission. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;

3. 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

4. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

6. Philequity Management, Inc.'s Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations. See Annex 3.

   Ensuring the integrity of related party transactions is an important fiduciary duty of the director. It shall be the Board's role to initiate policies and measures geared towards prevention of abuse and promotion of transparency, and in compliance with applicable laws and regulations to protect the interest of all shareholders. One such measure shall be the required ratification by shareholders of material or significant RPTs approved by the Board, in accordance with existing laws. Other measures shall include ensuring that transactions occur at market prices, at arm's-length basis and under conditions that protect the rights of all shareholders.

   Philequity Management, Inc. shall set materiality threshold at 5% of the net asset where omission or misstatement of the transaction could pose a significant risk to the Corporation and influence its economic decision. Beyond the materiality threshold, approval of management, the RPT Committee, the Board or the shareholders shall be required. In the cases where Board approval is required, at least two-thirds (2/3) of the Board is required, with majority of the independent directors approving the transaction, in accordance with the provisions of the Revised Corporation Code of the Philippines, SEC issuances and other related 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/members. In cases where the Board and/or shareholders' approval is required, it is good practice for interested directors and/or shareholders, respectively, to abstain and let the disinterested parties decide.

   The detailed policy statements duties and responsibilities of the Related Party Transaction Committee are contained in the Audit, Risk Oversight and Related Party Transaction Committee Charter in Annex 3.

7. Philequity Management, Inc.'s Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO) or his equivalent, and control functions led by their respective heads (Chief Risk Officer and Chief Compliance Officer, as may be applicable).

   It shall be the responsibility of the Board to appoint a competent management team at all times, monitor and assess 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. In the selection process, fit and proper standards are to be applied on key personnel and due consideration is given to integrity, technical expertise and experience in the institution's business, either current or planned.

8. Philequity Management, Inc.'s Board shall 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.

   Results of performance evaluation shall be linked to other human resource activities such as training and development, remuneration, and succession planning. These shall form part of the assessment of the continuing fitness and propriety of management, including the Chief Executive Officer, and personnel in carrying out their respective duties and responsibilities.

   Management support shall be expected to act upon the outcomes of the performance management process and shall ensure that good performance is recognized, while inadequate performance shall results in the necessary support and/or training to improve performance and consistently poor performance results in a change of responsibilities or termination, as appropriate.

   Whether introducing a new performance management system or modifying an existing process, it shall be critical to communicate the purpose and the steps in the performance management process to employees before it shall be implemented. A review of the new performance management system after the first year shall be necessary to make way for any adjustments as warranted.

9. Philequity Management, Inc.'s Board shall oversee 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. The Board shall also approve the Internal Audit Charter (see Annex 2).

   In the performance of the Board's oversight responsibility, the minimum internal control mechanisms shall include overseeing the implementation of the key control functions, such as risk management, compliance and internal audit, and reviewing the corporation's human resource policies, conflict of interest situations, and compensation program for employees and management succession plan.

10. Philequity Management, Inc.'s Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

    Risk management policy shall be part and parcel of a corporation's corporate strategy. The Board shall be responsible for defining the Corporation's level of risk tolerance and providing oversight over its risk management policies and procedures. (See Annex 2 and 3)

11. Philequity Management, Inc.'s Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the company's website.

    The Board Charter shall guide the directors on how to discharge their functions. It shall provide the standards for evaluating the performance of the Board. The Board Charter shall also contain the roles and responsibilities of the Chairperson. (See Annex 1)

PRINCIPLE 3. ESTABLISHING BOARD COMMITTEES

Philequity Management, Inc. shall set up Board committees to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established shall be contained in a publicly available Committee Charter.

1. Philequity Management, Inc.'s Board shall establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. The following shall be the Board committees of the Corporation:

   a. Audit Committee
   b. Corporate Governance Committee
   c. Board Risk Oversight Committee (incorporated in Audit Committee functions)
   d. Related Party Transaction Committee (incorporated in Audit Committee functions)
   e. Nomination Committee (incorporated in Corporate Governance Committee functions)
   f. Remuneration Committee (incorporated in Corporate Governance Committee functions)

   These committees are necessary to support the Board in the effective performance of its functions. The establishment of these committees, or any other committees that the Corporation deems necessary, allows for specialization in issues and leads to a better management of the Board's workload.

2. Philequity Management, Inc.'s Board shall establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee shall be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairperson, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairperson of the Audit Committee shall not be the Chairperson of the Board or of any other committees.

   The Audit Committee shall be responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

   The Audit Committee shall have the following duties and responsibilities, among others:

   a. Recommends the approval the Internal Audit Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

   b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation'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 in place in order to:

1. Safeguard the company's resources and ensure their effective utilization,
2. Prevent occurrence of fraud and other irregularities,
3. Protect the accuracy and reliability of the company's financial data, and
4. Ensure compliance with applicable laws and regulations;

c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head. The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;

d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;

e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;

f. Prior to the commencement of the 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 secure proper coverage and minimize duplication of efforts;

g. 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 to him and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

   1. Any change/s in accounting policies and practices
   2. Areas where a significant amount of judgment has been exercised
   3. Significant adjustments resulting from the audit
   4. Going concern assumptions
   5. Compliance with accounting standards
   6. Compliance with tax, legal and regulatory requirements

i. Reviews the disposition of the recommendations in the External Auditor's management letter;

j. Performs 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;

k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;

l. Recommends 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 shall be prepared and presented to the stockholders; and

m. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa);

n. Performs the function of Related Party Transactions Committee (RPT) to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied;

o. In the absence of an RPT Committee:

   1. Determines any potential reputational risk issues that may arise as a result of or in connection with RPTs. In evaluating RPTs, the Committee takes into account, among others, the following:
      a) The related party's relationship to the company and interest in the transaction;
      b) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
      c) The benefits to the corporation of the proposed RPT;
      d) The availability of other sources of comparable products or services; and
      e) An assessment of whether the proposed RPT is undertaken on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

   2. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on potential and/or actual conflicts of interest The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;

   3. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

   4. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
   5. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and

p. Performs the functions of the Board Risk Oversight Committee, provided in item 4 below

q. Performs the functions of the Independent Oversight Entity

r. Meets internally and with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meets with the head of the IA.

3. Philequity Management, Inc.'s Board shall establish a Corporate Governance Committee that shall be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions assigned to Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom should be independent directors, including the Chairperson.

   The Corporate Governance Committee (CG Committee) shall be tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It shall perform and incorporate in its charter the duties and responsibilities of the Nomination and Remuneration Committees. It shall have the following duties and functions, among others:

   a. Oversees 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 its business and regulatory environments;

   b. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

   c. Ensures 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;

   d. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

   e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

   f. Proposes and plans relevant trainings for the members of the Board;

   g. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

   h. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

4. Due to Philequity Management, Inc.'s size, risk profile and less-complex operations, the Board shall incorporate the functions of the Board Risk Oversight Committee (BROC) that is responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness to the Audit Committee. The BROC shall have the same required number of independent directors as that of the Audit Committee of at least three members hence can be a consolidated function of the Audit Committee. The Audit Committee cum Board Risk Oversight Committee Chairperson shall not be the Chairperson of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

Enterprise risk management is integral to an effective corporate governance process and the achievement of a company's value creation objectives. Thus, the BROC shall have the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place. With an integrated approach, the Board and top management will be in a confident position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities. The BROC shall have following duties and responsibilities, among others:

a. Develops a formal enterprise risk management plan which shall contains the following elements:
    1. Common language or register of risks,
    2. Well-defined risk management goals, objectives and oversight,
    3. Uniform processes of assessing risks and developing strategies to manage prioritized risks,
    4. Designing and implementing risk management strategies, and
    5. Continuing assessments to improve risk strategies, processes and measures;

b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the company'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;

c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;

d. Advises the Board on its risk appetite levels and risk tolerance limits;

e. Reviews at least annually the company'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 when major events occur that are considered to have major impacts on the company;

f. 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 the corporation and its stakeholders;

g. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and

h. Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

5. All established committees shall have Committee Charters stating in simple terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters shall provide the standards for evaluating the performance of the Committees and its members.

   The Committee Charter shall clearly define the roles and accountabilities of each committee to avoid any overlapping functions, which aims at having a more effective board for the Corporation. This can also be used as basis for the assessment of committee performance. For detailed committee charters, see Annex 3 and 4.

PRINCIPLE 4. FOSTERING COMMITMENT

1. Philequity Management, Inc.'s directors shall exemplify 100% commitment to the Corporation. They shall devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including enough pacing to be familiar with the corporation's business.

   Philequity Management, Inc.'s directors shall 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 them from doing so. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

   Board of Directors shall meet once every 3 months and shall be scheduled well in advance to give directors ample time to fix their calendars ahead. All Board meetings shall be furnished with proper agendas. With due notice issued and board papers and reports are prepared by the Management which shall provide the requisite updates on financial, operational, legal and circulated prior to the meetings to all Directors giving them enough time to review said minutes and agenda.

   It shall be the company policy that the absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency shall be a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.

2. Philequity Management, Inc. strictly implement that the non-executive directors of the Board shall not concurrently serve as directors to more than ten (10) public companies and/or registered issuers. However, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers if the director also sits in at least three (3) publicly-listed companies to assure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company. Exception to this shall require the proper disclosure and approval of the Board of Directors.

   The Corporation believes that directors shall exemplify commitment to the goals and objectives of the organization. Therefore, there is a need to set a limit on board directorships. This warrants that the members of the board are able to effectively commit themselves to perform their roles and responsibilities, regularly upgrade their knowledge and enhance their skills.

3. Philequity Management, Inc. shall make it a policy to require a director to notify the Board where he/she is an incumbent director before accepting a directorship in another company. The Board

shall expect commitment from a director to devote sufficient time and attention to his/her duties and responsibilities. This is also an opportunity for the Corporation to be able to assess if his/her present responsibilities and commitment to the company will be affected and if the director can still adequately perform what is expected of him/her.

PRINCIPLE 5. REINFORCING BOARD INDEPENDENCE

Philequity Management, Inc.'s board shall promote an independent and objective judgement in all its corporate affairs.

1. The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to carry out proper checks and balances.

   The right combination of non-executive directors (NEDs), which include independent directors, and executive directors, ensures that no director or small group of directors can dominate the decision-making process. Further, a board composed of a majority of NEDs assures protection of the company's interest over the interest of the individual shareholders.

2. The Board should have at least two (2) independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.

   The presence of independent directors (IDs) in the Board ensures the exercise of independent judgment on corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balancing of competing demands of the corporation.

3. The Board shall ensure that independent directors possess the essential qualifications and none of the disqualifications for an independent director to hold the position. Independent directors need to possess a good grasp and general understanding of the business. It is imperative that independent directors possess the requisite independence and competence. It is therefore important that the non-executive directors, including independent directors, has the qualifications and stature that will enable them to effectively and objectively participate in the deliberations of the Board. An Independent Director shall ideally:

   a. Is not, or has not been a senior officer or employee of Philequity Management, Inc. unless there has been a change in the controlling ownership of Philequity Management, Inc.;

   b. Is not, and has not been in the two years immediately preceding the election, a director of Philequity Management, Inc.; a director, officer, employee of Philequity Management, Inc.'s subsidiaries, associates, affiliates or related companies; or a director, officer, employee of Philequity Management, Inc.'s substantial shareholders and its related companies;

   c. Has not been appointed in Philequity Management, Inc., its subsidiaries, associates, affiliates or related companies as Chairperson "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within two years immediately preceding his election;

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

e. Is not a relative of a director, officer, or substantial shareholder of Philequity Management, Inc. or any of its related companies or of 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 Philequity Management, Inc. 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 stockholder, 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 Philequity Management, Inc., any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the two 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 Philequity Management, Inc. 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 within the two (2) years immediately preceding the date of his election;

j. Is not affiliated with any non-profit organization that receives significant funding from Philequity Management, Inc. or any of its related companies or substantial shareholders; and

k. Is not employed as an executive officer of another company where any of Philequity Management, Inc.’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.

4. The independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that Philequity Management, Inc. wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders’ approval during the annual shareholders’ meeting.

   Any term beyond nine years for an ID is subjected to particularly rigorous review, taking into account the need for progressive change in the Board to ensure an appropriate balance of skills and experience. However, the shareholders may, in exceptional cases, choose to re-elect an independent director who has served for nine years. In such instances, the Board must provide a meritorious justification for the re-election.

5. The positions of Chairperson of the Board and Chief Executive Officer shall be held by separate individuals and each shall have clearly defined responsibilities.

   To avoid conflict or a split board and to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making, it is recommended that the positions of Chairperson and Chief Executive Officer (CEO) be held by different individuals. This type of organizational structure facilitates effective decision making and good governance. In addition, the division of responsibilities and accountabilities between the Chairperson and CEO is clearly defined and delineated and disclosed in the Board Charter.

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

   a. Implements its strategic plan on the direction of the business;

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

   c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;

   d. Has a good working knowledge of the corporation'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 the corporation;

   f. Manages the corporation's resources prudently and ensures a proper balance of the same;

   g. Provides the Board with timely information and interfaces between the Board and the employees;

   h. Builds the corporate culture and motivates the employees of the corporation; and

   i. Serves as the link between internal operations and external stakeholders.

6. The Board shall designate a lead director among the independent directors if the Chairperson of the Board is not independent, including if the positions of the Chairperson of the Board and Chief Executive Officer are held by one person.

   In cases where the Chairperson is not independent and where the roles of Chair and CEO are combined, putting in place proper mechanisms ensures independent views and perspectives. More importantly, it avoids the abuse of power and authority, and potential conflict of interest. A suggested mechanism is the appointment of a strong "lead director" among the independent directors. This lead director has sufficient authority to lead the Board in cases where management has clear conflicts of interest.

The functions of the lead director include, among others, the following:

a. Serves as an intermediary between the Chairperson and the other directors when necessary;

b. Convenes and chairs meetings of the non-executive directors; and

c. Contributes to the performance evaluation of the Chairperson, as required.

7. A director with a material or potential interest in any transaction affecting Philequity Management, Inc. should fully disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction.

   The abstention of a director from participating in a meeting when related party transactions, self-dealings or any transactions or matters on which he/she has a material interest are taken up ensures that he has no influence over the outcome of the deliberations. This is to ensure that a director does not use his position to profit or gain some benefit or advantage for his himself and/or his/her related interests.

8. The non-executive directors (NEDs) shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within Philequity Management, Inc. The meetings should be chaired by the lead independent director.

   NEDs are expected to scrutinize Management's performance, particularly in meeting Philequity Management, Inc.'s goals and objectives. Further, it is their role to satisfy themselves on the integrity of the corporation's internal control and effectiveness of the risk management systems. The NEDs shall have access to the external auditor and heads of the internal audit, compliance and risk functions, as well as to other key officers of the company without any executive directors present. The lead independent director shall lead and preside over the meeting.

PRINCIPLE 6. ASSESSING BOARD PERFORMANCE

Philequity Management, Inc.'s Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Annual Board Assessment Policy Statement:

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

   Board assessment helps the directors to thoroughly review their performance and understand their roles and responsibilities. The periodic review and assessment of the Board's performance as a body, the board committees, the individual directors, and the Chairperson show how the aforementioned should perform their responsibilities effectively. In addition, it provides a means to assess a director's attendance at board and committee meetings, participation in boardroom discussions and manner of voting on material issues.

2. The Board shall put in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system

shall allow for a feedback mechanism from the shareholders.

Disclosure of the criteria, process and collective results of the assessment ensures transparency and allows shareholders and stakeholders to determine if the directors are performing their responsibilities to the company.

3. The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each member of the Board, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflects the specific duties, responsibilities and accountabilities of each party assessed as provided in the Company's By-Laws, Manual on Corporate Governance, Board Committee Charters and governing policies.

4. The Corporate Governance Committee oversees the evaluation process.

5. The Corporate Secretary shall administer and coordinate the completion of annual self-assessment. Accomplished forms shall be signed and forwarded to the Corporate Secretary within seven (7) working days from date of distribution. All the accomplished forms and related records shall be safe kept for a period of no less than five (5) years from date of assessment.

PRINCIPLE 7. STRENGTHENING BOARD ETHICS

1. Philequity Management, Inc.'s Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders. To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall conduct itself with utmost honesty and integrity in the performance of its duties, functions and responsibilities.

   The Board shall adopt a Code of Business Conduct and Ethics, which will provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of board members.

   The Code shall be properly disseminated to all the members of the Board. It shall also be disclosed and made available to the public through the company website.

   Business Conduct & Ethics Directors Senior Management Employees

   a. Conflict of Interest

      A Director should not use his position to make profit or acquire advantage for himself and his related interests.

      Senior management is expected to ensure that they themselves and their subordinates are not in any way involve in any conflict of interest which can adversely influence their judgment, objectivity or loyalty to the Company.

      The Company has adopted certain basic work rules for all employees, based on common sense guidelines, basic work ethics, and respect for others. The Company recognizes that employees may take part in other activities outside of their work, but any potential conflict of interest arising from said activities must be disclosed promptly to management.

b. Conduct of Business and Fair Dealings

A Director is expected to conduct fair business transactions with the Corporation and to ensure that personal interests do not influence board decisions.

Senior Management and Employees should ensure that their personal interest s do not conflict with the interest of the Company. Senior management should make sure that employees abide by all laws and company policies at all times.

c. Receipt of gifts from third parties

It is recognized by the Company that giving and receiving "business gifts" to include entertainment and gift items is a customary way to strengthen relationships. However, said gifts should be nominal in value and not given or received with intent to influence the decision making of the recipient. No one may give or receive gifts that will violate laws, regulations and agreements

d. Compliance with Laws & Regulations

Directors are expected to comply with the SRC disclosure requirements, rules and regulations.

Senior officers are expected that policies and regulations of the Company are practiced by the employees. Should violations occur, management should ensure that appropriate disciplines are applied including or up to termination of employment.

Each employee is expected to follow all Company policies and regulations at all times.

e. Respect for Trade Secrets/Use of Non-public Information

Directors are expected to respect the sensitivity of the information received during their term of service. Confidentiality should be maintained at all times.

At all times, company assets should be protected including trademarks, intellectual property, electronic files and confidential information. All officers and staff are prohibited to communicate material non-public information to any person.

f. Use of Company Funds, Assets and Information

Directors should ensure that all policies with regard to Company assets, funds and information are widely practiced. Said policies are supposed to be reviewed regularly.

Officers and staff are expected to use Company Assets, information and funds with utmost respect and within the boundaries of policies and regulations, in pursuit of legitimate company business interests. Senior management is expected to make sure that all employees adhere to the guidelines.

g. Employment & Labor Laws & Policies

Directors are expected to ensure that employment labor laws are strictly followed and adhered to by the Company.

Employment and labor laws are widely disseminated in the Company for everyone to follow and comply with.

h. Disciplinary action

All directors, officers and staff who violate the provisions stated in the Corporate Governance Manual and Code of Ethics shall be subject to penalties and/or sanctions as maybe imposed by the Board of Directors.

i. Whistle Blower

Established by the Audit Committee and approved by the Board, the Company has existing procedures with regard to receipt, retention, treatment of complaints and confidential/anonymous submission of information regarding internal dishonest or illegal activities. The procedures are designed to facilitate disclosures and proper individual conduct of everyone in the Company.

j. Conflict Resolution

Resolutions of conflicts in the Company involve negotiation, mediation, arbitration, diplomacy, peace building, etc. Said conflicts, if not resolved within the Senior Management level, are elevated to the respective Committees created by the Board to include, Executive Committee, Audit Committee, Corporate Governance Committee, among others. Said committees are guided by their respective guidelines and policies to consider in resolving conflicts between and among stockholders, Corporation and third parties, etc.

2. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.

Philequity Management, Inc.'s Board shall have the primary duty to make sure that the internal controls are in place to ensure the company's compliance with the Code of Business Conduct and Ethics and its internal policies and procedures. It shall ensure the implementation of said internal controls to support, promote and guarantee compliance. This shall include efficient communication channels, which aid and encourage employees, customers, suppliers and creditors to raise concerns on potential unethical/unlawful behavior without fear of retribution. A company's ethics policy can be made effective and inculcated in the company culture through a communication and awareness campaign, continuous training to reinforce the code, strict monitoring and implementation and setting in place proper avenues where issues may be raised and addressed without fear of retribution.

DISCLOSURE AND TRANSPARENCY

PRINCIPLE 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

1. Philequity Management, Inc. shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations. It shall ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations. These shall be compliant to the disclosure requirement as provided in Rule 68 of the Securities Regulation Code (SRC), and to other reportorial bodies.

   All material information about the Corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders shall be publicly and timely disclosed to the Commission.

   The following are some of the material information and disclosure requirement that the Corporation normally does:

   a. Ownership Structure – the Corporation is duty bound to disclose specific shareholders with holding of 5% and more.

   b. Annual Report on Corporate Governance – the Corporation shall ensure that the following critical information are disclosed in the Annual Report, to wit:
      1. Key Risks
      2. Corporate Objectives
      3. Financial Performance Indicators
      4. Non-Financial Performance Indicators
      5. Dividend Policy
      6. Whistle-blowing Policy
      7. Biographical Details of Directors and Officers
      8. Trainings and Continuing Education Program of Directors and Officers
      9. Number of BOD Meetings Held
      10. BOD Attendance Summary
      11. Remuneration Details of CEO and Directors

   c. External Auditor's Fee

   d. Medium of Communication

   e. Date of Release of Audited Financial Statements

   f. Updated Company Website Disclosure of the following:
      1. Business Operations
      2. Financial Statements (Comparative current vs prior period)
      3. Materials Provided in Briefings to Analysts and Media
      4. Shareholding Structure
      5. Group Corporate Structure

6. Downloadable Annual Report
7. Notices of ASM and/ or SSM
8. Corporation’s By-laws and Articles of Incorporation

g. Disclosure on Related Party Transaction

2. Philequity Management, Inc. shall require all directors and officers to disclose/report to the company any dealings in the company’s shares within five business days as Directors often have access to material inside information on the company and to reduce the risk that the directors might take advantage of this information. This shall supplement the requirement of Rules 18 and 23 of the Securities Regulation Code. This shall be publicly and timely disclosed to the regulatory body upon receipt of the transaction that would material affect the viability and interests of the stockholders and other stakeholders of the Corporation.

3. Philequity Management, Inc.’s corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance (MCG), which should be submitted to the Commission and posted on the company's website.

   The MCG shall contain the following, among others:

   a. A policy on the training of directors, including an orientation program for first-time directors and relevant annual continuing training for all directors;

   b. Policies and procedures for setting Board and executive remuneration, as well as the level and mix of the same;

   c. Policies governing RPTs and other unusual or infrequently occurring transactions, as well as the review and approval of material and significant RPTs, geared towards the prevention of abusive dealings and transactions and the promotion of transparency. These policies include ensuring that transactions occur at market prices and under conditions that protect the rights of all shareholders;

   d. Policies on full, fair, accurate and timely disclosure to the public of every material fact or event that occurs in the company, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders/members and other stakeholders, which includes policy on the appointment an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets;

   e. Alternative dispute mechanism(s) to resolve intra-corporate disputes in an amicable and effective manner;

   f. Policies on formal and transparent board nomination and election policy;

   g. Basic shareholder/member rights; and

   h. Qualifications and grounds for disqualification of directors.

4. Philequity Management, Inc. shall disclose all relevant information on its corporate governance policies and practices in the Annual Corporate Governance Report (ACGR), which should be submitted to the Commission, and continuously updated and posted on the company's website.

The ACGR shall contain the following disclosures, among others:

a. A policy on disclosure of all relevant and material information on individual board directors and key executives to evaluate their experience and qualifications, and assess any potential and/or actual conflicts of interest that might affect their judgment as prescribed under Rule 12 Annex C of the SRC;

b. Board and executive remuneration, as well as the level and mix of the same;

c. Accurate disclosure to the public of every material fact or event that occurs in the company, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders/members and other stakeholders, which includes policy on the appointment of an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets;

d. The non-audit work, if any, of the External Auditor, 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;

e. The attendance record of the company's directors for the previous year; and

f. Other information that the Commission or other regulatory agencies, may, from time to time require disclosure of.

PRINCIPLE 9. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

1. Philequity Management, Inc. shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality through the Audit Committee. The Audit Committee shall ensure that the external auditor has the requisite accreditation to qualify for an audit engagement of publicly listed companies. External Auditors shall clearly communicate no conflict of interest in the conduct of their audit. The Audit Committee shall ensure that an External Auditor has the resources to finish the audit without any financial or manpower impediment.

   The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures. Shareholders' ratification clarifies or emphasizes that the external auditor is accountable to the shareholders or to the company as a whole, rather than to the management whom he may interact with in the conduct of his audit.

2. The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.

The Charter shall put emphasis the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis. This shall be included in the Audit Committee Charter.

The Audit committee shall establish detailed guidelines, policies and procedures based on nationally and internationally recognized best practices and standards of external auditing. Moreover, establishing effective communication with the external auditor and requiring them to report all relevant matters help the Audit Committee to efficiently carry out its oversight responsibilities.

3. Philequity Management, Inc. shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest, if any. The Audit Committee is expected to be vigilant for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

   The Audit Committee, in the performance of its duty, shall oversee the overall relationship with the external auditor. It shall evaluate and determine the nature of non-audit services, if any, of the external auditor. Further, the Committee shall periodically review the proportion of non-audit fees paid to the external auditor in relation to the corporation's overall consultancy expenses.

   Allowing the same auditor to perform non-audit services for the company may create a potential conflict of interest. In order to mitigate the risk of possible conflict between the auditor and the company, the Audit Committee shall put in place robust policies and procedures designed to promote auditor independence in the long run. In formulating these policies and procedures, the committee is guided by nationally and internationally- recognized best practices and regulatory requirements or issuances.

PRINCIPLE 10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

Philequity Management, Inc. shall have a clear and focused strategy on the disclosure of non-financial information. It should disclose to all shareholders/members and other stakeholders the company's strategic (long-term goals) and operational objectives (short-term goals) as well as impacts of a wide range of sustainability issues, with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.

Philequity Management, Inc. as of this point will not be able to adopt a globally recognized standard/framework in reporting sustainability and non-financial issues but shall undertake to disclose to all shareholders and stakeholders of the Corporation strategic (long-term) and operational (short-term) goals as well as the impact of a wide range of sustainability issues. The Corporation will model collaborative stakeholder engagement to deeply align strategy, roadmaps, performance indices, and programs.

Philequity Management, Inc. and its subsidiaries believes in the following values: Integrity, Excellence, Belief in People, and Teamwork. It is in these values that we anchor our vision, mission, and brand promise embody our commitment in creating value for business stakeholders, as well as the community and environment we operate in. This commitment is founded upon a strong cornerstone of sustainable thinking and ethical values that help define and decide product and service engineering and innovation, professional relationships, customer service, and community engagement. Sustainability ethos means becoming a better business every day.

Sustainability Pillars:

a. Good Governance – Strong adherence to code of ethics and practice the value of integrity, excellence, belief in people and teamwork.

b. Ethical Business Practices – Compliance with the applicable laws, rules, and regulations, and transparency through timely and proper disclosures.

c. Service Excellence – Up the level of service quality and be the catalyst in the formulation of ways to achieve corporate objectives.

d. Responsible Operations - Strive to achieve resource efficiency and maximization in all facets of operations

e. Social Responsibility - Improve the lives of communities and contribute to nation building

PRINCIPLE 11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

Philequity Management, Inc. shall maintain a website to ensure a comprehensive, cost-efficient, transparent and timely manner of communication channel for disseminating relevant information to the public.

The manner of disseminating relevant information to its intended users is as important as the content of information itself. Hence, it is essential for the company to have a strategic and well-organized channel for reporting. A company website that is easily accessible and user-friendly with a dedicated section for corporate governance is considered a practical and cost-efficient way of communication. It shall provide timely and up-to-date information relevant to investors and other interested stakeholders.

The company website shall contain, among others, the Manual on Corporate Governance, Annual Corporate Governance Report, Board Charter, Committee Charters, the company's Code of Business Conduct and Ethics.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

PRINCIPLE 12. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

1. Maintain and adequate and effective Internal Control System and Enterprise Risk Management Framework

To ensure the integrity, transparency and proper governance in the conduct of its affairs, Philequity Management, Inc. shall have an adequate and effective internal control system and an Enterprise Risk Management framework in the conduct of its business, taking into account its size, risk profile, nature and complexity of operations.

An adequate and effective internal control system and an enterprise risk management framework shall help sustain safe and sound operations as well as implement management policies to attain corporate goals. An effective internal control system shall embody management oversight and control culture; risk recognition and assessment; control activities; information and communication; monitoring activities and correcting deficiencies. Moreover, an effective enterprise risk management framework shall typically include such activities as the identification, sourcing, measurement, evaluation, mitigation and monitoring of risk.

The potential for Fraud shall be considered in assessing the risks to the achievement of said objectives. Further, the risk assessment shall cover all risks facing Philequity Management, Inc. which include among others, credit, regulatory, market, interest rate, liquidity, operational, compliance, legal, and reputational risk.

Control activities shall form part of the daily activities of the Philequity Management, Inc. and in all levels of the organization. Control activities shall be designed and implemented to address the risks identified in the Risk Assessment process. These shall involve the establishment of control policies and procedures, and verification that these are being complied with. Control activities shall complement existing policies, procedures and other control systems in place such as, among others, the following:

a. Clear arrangements for delegating authority.

   The functions and scope of authority and responsibility of each personnel shall be adequately defined, documented and clearly communicated. The extent to which authorities are delegated and the corresponding accountabilities of the personnel involved shall be approved by the President and CEO as delegated by the BOD.

b. Adequate accounting policies, records and processes.

   Philequity Management, Inc. shall maintain adequate financial policies, records and processes and shall be kept up-to-date and contain sufficient detail to establish an audit trail. Further, Philequity Management, Inc. shall conduct independent balancing and reconciliation of records and shall report to ensure the integrity of reported data and balances.

   Philequity Management, Inc. shall put in place a reliable information system that covers all of its significant activities and shall allow the BOD and management access to data and information relevant to decision making (e.g., financial, operations, risk management, compliance and market information, etc.)

c. Robust physical and environmental controls to tangible assets and access controls to information assets.

Philequity Management, Inc. shall adopt policies and practices to safeguard their tangible and information assets. These include, but not limited to:

1. Identifying Officers with authorities to sign for and on behalf of the Company which are approved by the BOD and defining the extent of authority at each level.
2. Implementing joint custody on certain assets which means that the processing of transactions is done in the presence, and under direct observation of a second person.
3. Adopting dual control wherein the work of one person is to be verified by a second person to ensure that the transaction is properly authorized, recorded and settled;
4. Incorporating sequence number control in the Accounting System which also are used in checks, and other similar instruments.

Management shall put in place appropriate controls to manage the usage, safekeeping and recording of accountable forms.

1. Restricting access to information assets by classifying information as to degree of sensitivity and identifying information owners of personnel with authority to access particular classifications based on responsibilities and one's duties; and
2. Implementing authentication and access controls prior to granting access to information such as, among others, implementing password rules.

This shall be supplemented by appropriate monitoring mechanisms that will allow Audit of use of information assets.

d. Segregation of conflicting functions.

Philequity Management, Inc. shall ensure that areas of potential conflict of interest are identified, minimized and subjected to independent monitoring. Further, appropriate segregation of functions shall be observed in identified areas that poses potential conflict of interest.

Moreover, periodic reviews of responsibilities and functions shall be conducted to ensure that personnel are not in a position to conceal inappropriate actions.
An effective Internal Control System shall require that there are adequate and comprehensive internal financial, operational and compliance data, as well as external information about events and conditions that are relevant to decision making. Information shall be reliable, timely, and accessible. It shall be provided in a consistent format and shall put in place a reliable management information system covering significant activities. It shall have the capability to generate relevant and quality information to supporting internal control. The overall effectiveness of the Internal Controls shall be monitored on an ongoing basis as defined by Management, as integrated in the operating environment and produces regular reports for review. All levels of review shall be adequately documented and results thereof reported on a timely basis to the President and CEO.

2. Function of Internal Audit Group

Philequity Management, Inc. shall have an independent internal audit function which shall provide an independent and objective assurance, and consulting services designed to add value and improve the company's operations.

A separate internal audit function is essential to monitor and guide the implementation of Philequity Management, Inc.'s policies. It shall help the company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the company's governance, risk management and control functions. The following are the functions of the internal audit, among others:

a. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;

b. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;

c. Performs consulting and advisory services related to governance and control as appropriate for the organization;

d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;

e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;

f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;

g. Evaluates specific operations at the request of the Board or Management, as appropriate; and

h. Monitors and evaluates governance processes.

3. Function of Risk Management Group

Philequity Management, Inc. shall maintain a separate risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:

a. Defining a risk management strategy;

b. Identifying and analyzing key risks exposure relating to economic, environmental, social, and governance (EESG) factors and the achievement of the organization's strategic objectives;

c. Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;

d. Establishing a risk register with clearly defined, prioritized and residual risks;

e. Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;

f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and

g. Monitoring and evaluating the effectiveness of the organization's risk management processes.

Risk Exposure Management

a. Credit risk

It is Philequity Management, Inc.'s policy that all counterparties who wish to trade on credit terms shall be subjected to credit verification procedures. The Corporation shall manage and control credit risk by trading only with recognized, creditworthy third parties. In addition, receivable balances shall be monitored on an ongoing basis to ensure that the Corporation's exposure to bad debts is not significant. It shall assess the credit quality of their financial assets to determine if any allowances shall have to be provided or if based on their historical experience with the corresponding third parties, impairment is warranted

It is Philequity Management, Inc.'s policy that cash and cash equivalents are invested only with reputable banks, which shall be approved by the BOD.

b. Liquidity risk

Philequity Management, Inc. shall closely monitor its cash flows and shall ensure that credit facilities with banks are available. Any excess cash shall be invested in short-term money market placements and to ensure that there shall be enough cash available to meet obligations as and when they fall due.

c. Market risk

Philequity Management, Inc.'s trading positions shall be marked-to-market on a daily basis including all other positions. It shall ensure that volatility in earnings resulting from market risk taking activities are kept within an acceptable range as determined by the Board. It shall consistently maintain that market risk position in its books shall be constantly monitored and shall be adequately protected against constantly changing, or adverse market conditions.

All Trading and Risk Management personnel shall be required to know the contents of the Company's market risk manual. They are expected to know the different limits that govern trading, buying and selling of different types of instruments.

All instruments engaged in by Philequity Management, Inc. that are subject to market risk shall be duly authorized by the Board. To the extent possible, the Corporation shall adopt a portfolio approach to managing its market risk exposures.

d. Operational risk

Philequity Management, Inc. shall segregate functions between the transaction initiators and those who confirm, settle, and those who record and report the transactions. The separation of these functions shall ensure that no single individual who controls the transaction flow thereby minimizing the possibility of fraud.

4. Duties and Responsibilities of a Chief Risk Officer

   Philequity Management, Inc. shall 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

   The CRO shall have the following functions, among others:

   a. Shall supervise the entire ERM process and shall spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;

   b. Shall communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;

   c. Shall collaborate with the CEO in updating and making recommendations to the Board Risk Oversight Committee;

   d. Shall suggest ERM policies and related guidance, as may be needed; and

   e. Shall provide insights on the following:
      1. Risk management processes are performing as intended;
      2. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
      3. Established risk policies and procedures are being complied with.

CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

PRINCIPLE 13. PROMOTING SHAREHOLDER RIGHTS

1. Philequity Management, Inc. shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

   Shareholders are encouraged to exercise their rights when provided clear-cut processes and procedures for them to follow.

   Shareholders generally have the following rights, among others:

   a. Right to participate in the approval of material corporate acts;
   b. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders'/Members' Meeting;
   c. Right to nominate candidates to the Board of Directors/Board of Trustees;
   d. Right to be informed of the nomination and removal process; and
   e. Right to be informed of the voting procedures that would govern the Annual and Special Shareholders'/Members' Meeting.

Shareholders are encouraged to participate when given sufficient information prior to voting on fundamental corporate changes such as: (1) amendments to the Articles of Incorporation and By-Laws of the company; and (2) extraordinary transactions, including the transfer of all or substantially all assets that, in effect, results in the sale of the company. Shareholders should also be informed before major changes in the business operation of the company happens. In addition, the disclosure and clear explanation of voting procedures, as well as the removal of excessive or unnecessary costs and other administrative impediments, allow for the effective exercise of shareholders' voting rights. Poll voting is highly encouraged as opposed to the show of hands. Proxy voting is also a good practice, including the electronic distribution of proxy materials.

The right to propose the holding of meetings and items for inclusion in the agenda is given to all shareholders and members. However, to prevent the abuse of this right, companies may require that the proposal be made by shareholders or members holding a specified percentage of shares or voting rights. On the other hand, to ensure that minority shareholders are not effectively prevented from exercising this right, the degree of ownership concentration is considered in determining the threshold.

Lastly, all shareholders must be given the opportunity to nominate candidates to the Board of Directors, and/or cause the removal of any member thereof in accordance with the existing laws. The procedures of the nomination and removal process are expected to be discussed clearly by the Board. The company is encouraged to fully and promptly disclose all information regarding the expertise, experience and background of the candidates to enable the shareholders and members to study and conduct their own background check as to the candidates' qualification and credibility.

2. Philequity Management, Inc.'s Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.

   Required information in the notice include, among others, the date, location, meeting agenda and its rationale and explanation, and details of issues to be deliberated upon and approved or ratified at the meeting. Sending the notice in a timely manner allows shareholders to plan their participation in the meetings.

3. Philequity Management, Inc.'s Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available. The Minutes of the Annual and Special Shareholders' Meeting shall be available on the company website within five business days from the end of the meeting.

   Voting results shall include a breakdown of the approving and dissenting votes on the matters raised during the Annual or Special Stockholders' Meeting. When a substantial number of votes have been cast against a proposal made by the company, it may make an analysis of the reasons for the same and consider having a dialogue with its shareholders.

   The Minutes of Meeting shall include the following matters:

   a. A description of the voting and the vote tabulation procedures used;
   b. The opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received;
   c. The matters discussed and the resolutions reached;

d. A record of the voting results for each agenda item;
e. A list of the directors, officers and shareholders who attended the meeting; and
f. Dissenting opinion on any agenda item that is considered significant in the discussion process.

4. Philequity Management, Inc.'s Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. This shall be included in the company's Manual on Corporate Governance.

   It is important for the shareholders to be well-informed of the company's processes and procedures when seeking to redress the violation of their rights. The Corporation shall put in place proper safeguards ensures suitable remedies for the infringement of shareholders' rights and prevents excessive litigation.

   To resolve disputes and conflicts, the Company shall enter into discussions, negotiations, mediations and arbitrations, among others, with its stockholders, third parties and regulatory authorities

5. Philequity Management, Inc.'s Board shall establish a Customer Relations Officer (CRO), or its equivalent to ensure constant engagement with its shareholders. The CRO shall be present at every shareholders' meeting.

   Setting up an avenue to receive feedback, complaints and queries from shareholders assure their active participation with regard to activities and policies of the company. There shall be a designated CRO, email address and telephone number. Further, creating a Customer Relations Program shall ensure that all information regarding the activities of the company are properly and timely communicated to shareholders.

DUTIES TO STAKEHOLDERS

PRINCIPLE 14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS

1. Philequity Management, Inc. respects the rights of stakeholders established by law, by contractual relations and through voluntary commitments. Where stakeholders' rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.

   The Board shall identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.

   Stakeholders in corporate governance include, but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community the company operates in, society, the government, regulators, competitors, external auditors, etc. In formulating the company's strategic and operational decisions affecting its wealth, growth and sustainability, due consideration is given to those who have an interest in the company and are directly affected by its operations.

The Board shall foster the Corporation’s long-term success and secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders. It shall formulate the Corporation’s vision, mission, strategic objectives, and policies and procedures that shall guide its activities, including the means to effectively monitor the Management’s performance.

To ensure a high standard of best practice for the Corporation, its stockholders and other stake holders, the Board shall conduct itself with utmost honesty and integrity in the performance of, among others the following duties, functions and responsibilities.

2. Philequity Management, Inc.’s Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

In instances when stakeholders’ interests are not legislated, the Corporation ensure the protection of the stakeholders’ rights. The Corporation’s Code of Conduct and Business Ethics ideally includes provisions on the company’s policies and procedures on dealing with various stakeholders. The company's stakeholders include its customers, resource providers, creditors and the community in which it operates. Fair, professional and objective dealings as well as clear, timely and regular communication with the various stakeholders ensure their fair treatment and better protection of their rights.

3. Philequity Management, Inc.’s Board shall adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.

The company’s stakeholders play a role in its growth and long-term viability. As such, it is crucial for the company to maintain open and easy communication with its stakeholders. This can be done through stakeholder engagement touchpoints in the Corporation, such as the Office of the Corporate Secretary, Customer Relations Office, and Corporate Communications Group.

PRINCIPLE 15. ENCOURAGING EMPLOYEES’ PARTICIPATION

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

The establishment of policies and programs covering, among others, the following:

a. health, safety and welfare of employees;
b. manpower training and development; and
c. Employee reward / compensation, encourages employees to perform better and motivates them to take a more dynamic role in the corporation.

Active participation is further fostered when the company recognizes the firm-specific skills of its employees and their potential contribution in the company's corporate governance. The employees' viewpoint in certain key decisions may also be considered in governance processes through work councils or employee representation in the board.

Philequity Management, Inc. believes that a mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

The Corporation share the belief that the employees are the most important resource in the organization. In order to keep the employees happy and motivated, the following need to be provided: healthy working environment, sufficient work facilities, health benefits, and health related seminars, among others.

The Corporation is firm in its commitment for employees to have a strong work-life balance. The Corporation shall encourage and support the following:

a. Flexible work hours;
b. Fitness programs after office;
c. Subsidized vaccinations, etc.

Employees shall undergo various trainings during the course of the year, specifically focusing on leadership and enhancing their technical competencies.

The Corporation shall provide bonuses for achievement of targets and for living out the corporate values that it espouses. Variable pay is employee compensation that changes as compared to salary which is paid in equal proportions throughout the year. Variable pay shall be used generally to recognize and reward employee contribution toward company productivity, profitability, teamwork, safety, quality, or some other metric deemed important The Corporation believes in linking pay to performance.

2. The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics. Further, the Board should disseminate the policy and program to employees across the organization through orientations and continuous trainings to embed them in the company's culture.

The adoption of an anti-corruption policy and program shall endeavor to mitigate corrupt practices such as, but not limited to, bribery, fraud, extortion, collusion, conflict of interest and money laundering. This encourages employees to report corrupt practices and outlines procedures on how to combat, resist and stop these corrupt practices. Anti-corruption programs are more effective when the Board sets the tone and leads the company in their execution.

Corruption is a wrongful act designed to cause an unfair advantage and involves the wrongful use of influence to procure a benefit, contrary to the duty or rights of others.

Philequity Management, Inc.'s Board, Senior Management and employees shall follow the following basic rules, to wit:

a. Does not offer, give, solicit, or receive bribes or kickbacks.
b. Fully, fairly and accurately characterizes and record all transactions and expenses in the books, records and documents of the Company
c. Conducts business in a fair manner and does not influence directly or indirectly third parties (i.e., Agents, Consultants, Contractors, Partners or Affiliates) of the Corporation

The policy shall cover incidents, situation, circumstance or events involving the direct or indirect demands for money or anything of value which results to creating an unfair advantage to others.

a. ANTI-GRAFT AND CORRUPT PRACTICES ACT - Consistent with the Law, all company personnel shall not make, offer, promise or authorize the payment or transfer of anything of value, directly or indirectly, to a government official to influence an action or inaction to secure an undue advantage.

b. ANTI-BRIBERY - All company personnel shall not be involved in offering, promising, authorizing, making or otherwise facilitating a payment of money or transfer of anything of value to any person to facilitate transactions or get undue advantage.

c. BRIBERY AND KICKBACKS FROM PRIVATE PARTIES - All company personnel shall not offer or make a payment or provide other things of value to any person, whether or not a government official, for the purpose of inducing some improper action by the recipient or gaining an undue advantage. They shall not ask for or shall receive such payments, including personal payments or other things of value made or received in exchange for the awarding of business, commonly referred as Kickbacks.

To protect the Corporation from liability for improper payments made by third parties is to choose carefully these partners, including agents and consultants, and monitor their performance. This shall include a requirement for appropriate due diligence and approval prior to engagement, written contract provisions, and appropriate monitoring controls.

The Company has adopted a system of Internal Accounting and Operating Controls and Procedures that all personnel must adhere to. Payments or the provision of other benefits that involve heightened risks of bribery or corruption needs Senior Management approval prior to engaging in such transactions, and providing all required information for disclosure. Government Official or other person requesting a Bribe or other improper payment or transaction, are politely and clearly advised by any Company personnel that payments are against Policy, and subsequently decline the payment or transaction.

3. Philequity Management, Inc.'s Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

A suitable whistleblowing framework sets up the procedures and safe-harbors for complaints of employees, either personally or through their representative bodies, concerning illegal and unethical behavior. One essential aspect of the framework is the inclusion of safeguards to secure the confidentiality of the informer and to ensure protection from retaliation. Further, part of the framework is granting individuals or representative bodies confidential direct access to either an independent director or a unit designed to deal with whistleblowing concerns.

The Audit Committee and non-executive directors shall establish procedures to enable anyone who has a concern about the Company's conduct, or any employee who has a concern about the Company's internal accounting controls, auditing matters, illegal, unethical or questionable practices or any suspected/committed fraudulent acts.

All company personnel are encouraged to communicate any of the above-mentioned concerns directly to the presiding director or to the audit committee. Such communications may be confidential or anonymous, and may be e-mailed, submitted in writing or reported by phone. Comments, complaints and concerns are initially processed by the Audit Committee or by other directors, depending on the nature of the concern or complaint.

Any personnel who has knowledge of, or has observed a reportable concern shall be required to file an Incident Report of such act or event to the Office of the President or the appropriate Head/s of the Unit/s concerned. The Incident Report shall contain the nature of the concern, relevant details of transaction (i.e., type, amount/s and date/s), and person/s involved and supporting documents, if any including an explanation on why it is a reportable concern.

Reporting shall be done through any available means, such as but not limited to SMS text, letter, email, phone call, other communication medias (e.g., Facebook Messenger, Twitter Private Message, Viber, etc.), collectively called the Whistle Blowing Help Lines, which has a direct communication to the Office of the President/CEO or the Head/s of the Unit/s concerned. In making the Incident Report, the reporting person must exercise due care to ensure the accuracy of information.

Internal Audit Group shall facilitate the investigation process and urgent administrative action if necessary.

Philequity Management, Inc. shall commit to protect those who report in good faith from retaliation, harassment and even informal pressures; as it will take the necessary and appropriate action to do so in enforcing this policy. All Incident Reports will be treated with utmost care and confidentiality; and the Corporation shall make every effort to protect the identity of the Whistle Blower from disclosure to any third party, unless compelled by a court order, during legal proceedings.

The Corporation shall also expect the same level of care and confidentiality from the Whistle Blower. If the report is done in good faith and/or in the line of duty by the Whistle Blower but is not confirmed as a result of a subsequent investigation; no administrative action will be taken against the Whistle Blower.

If the report is found to be done maliciously and intentionally, for personal gain or bias, or is knowingly based on false or misleading information, the Whistle Blower loses protection and the Company decides to impose a disciplinary action based on the Code of Conduct and Discipline.

PRINCIPLE 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Philequity Management, Inc. is aware of its social responsibility in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development. The Corporation recognizes and places an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow the business, while contributing to the advancement of the society where we operate.

The company's value chain consists of inputs to the production process, the production process itself and the resulting output. Sustainable development means that the Corporation not only complies with existing regulations, but also voluntarily employs value chain processes that takes into consideration economic, environmental, social, and governance issues and concerns. In considering sustainability concerns, Philequity Management, Inc. plays an indispensable role alongside the government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

Environmental Sustainability Initiatives

Going Green is a corporate effort to use resources efficiently and support renewable power by recycling paper, turning off lights (when not in use) and using energy efficient-lights in the offices. Recycling not only keeps the cost down but it conserves natural resources, saves energy, reduces greenhouse gas emissions, and keep landfill space free for other types of trash that can't be recycled while turning off lights, and using energy efficient lights reduce the carbon dioxide emission of power stations. These savings can then be redirected to other areas of the business or can be a quantifiable cost savings that can be seen in the bottom line.

ANNEXES

ANNEX 1 - BOARD CHARTER

Organization

Philequity Management, Inc.'s Board shall be composed of nine (9) members or such other number as the Corporation's Articles of Incorporation shall provide. At least two (2) members of the Board shall be independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher. Non-executive directors (NEDs) shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

Philequity Management, Inc.'s Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

Further, a board composed of a majority of NEDs shall assure protection of the company's interest over the interest of the individual shareholders. The Corporation shall determine the qualifications of the NEDs that enable them to effectively participate in the deliberations of the Board and carry out their roles and responsibilities.

Non-executive directors shall not be involved in the day-to-day operations of the Corporation. However, they are involved in planning and policy-making.

Non-executive directors shall also:

1. Review with management, performance of statutory and internal auditors, adequacy of internal control systems, adequacy of internal audit function including their structure, frequency, reporting.

2. Recommend to Board on the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and fixation of audit fees.

Purpose

Philequity Management, Inc. shall be headed by a competent, working board to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives, its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders. It shall formulate the Corporation's vision, mission, strategic objectives, and policies and procedures that shall guide its activities, including the means to effectively monitor the Management's performance.

Duties & Responsibilities:

1. Primary Roles of the Board of Directors

    a. Performance of Duties, Power and Attributes of the Board
    b. Adherence to the Code of Conduct and Business Ethics
    c. Reporting Responsibility of the Management

d. Approval of Financial Statements
e. Approval of Annual Plans and Budgets

2. Fiduciary Duties of the Board

There are two key elements of the fiduciary duty of board members: the duty of care and the duty of loyalty. The duty of care requires board members to act on a fully informed basis, in good faith, with due diligence and care. The duty of loyalty is also of central importance; the board member shall act in the interest of the Corporation, all its shareholders and stakeholders, and not those of the controlling company of the group or any other stakeholders.

The Fiduciary roles and responsibilities of Philequity Management, Inc.'s Board are as follows:

a. 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;

b. Appoint competent, professional, honest and highly-motivated management officers and adopt an effective succession planning program for Management;

c. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures and establish programs that can sustain the Corporation's long-term viability and strength;

d. Periodically evaluate and monitor the implementation of its strategic policies and programs, business plans, operating budgets, including the Management's overall performance;

e. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices;

f. Establish and maintain a customer relations program that will keep the stockholders informed of important developments in the Corporation;

g. Identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;

h. Adopt a system of check and balance within the Board, conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times and perform a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness;

i. 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;

j. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;

k. Constitute Nomination, Compensation and Remuneration, Audit, Risk and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;

The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission 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.

a. 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.

b. Meet at such times or frequency as may be needed; the minutes of such meetings shall be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

c. Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws, and in accordance with existing laws, rules and regulations; and

d. Provide the stockholders with a balanced and comprehensive assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect the Corporation's business, as well as reports to regulatory agencies as required by law.

3. Chairperson of the Board Duties and Responsibilities

   a. Makes 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. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;

   c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;

   d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

   e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and

   f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

4. Corporate Secretary’s Duties and Responsibilities

Philequity Management, Inc.’s Board shall ensure that it shall be assisted in its duties by a Corporate Secretary, who shall be a separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

The Corporate Secretary shall be primarily responsible to the Corporation and its shareholders, and not to the Chairperson or President nor the Chief Executive Officer 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 other official records of the corporation;

c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairperson on all relevant issues as they arise;

d. Works 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/her 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.

ANNEX 2 - INTERNAL AUDIT CHARTER

Purpose

To ensure the integrity, transparency and proper governance in the conduct of its affairs, Philequity Management, Inc. shall put in place a strong and effective internal control system and enterprise risk management framework.

Definition of Terms

An adequate and effective internal control system and an enterprise risk management framework shall help sustain safe and sound operations as well as implement management policies to attain corporate goals. An effective internal control system shall embody management oversight and control culture; risk recognition and assessment; control activities; information and communication; monitoring activities and correcting deficiencies. Moreover, an effective enterprise risk management framework shall typically include such activities as the identification, sourcing, measurement, evaluation, mitigation and monitoring of risk.

Internal Control and Risk Management Policy Statement

Philequity Management, Inc. shall adopt policies and practices to safeguard their tangible and information assets. These include, but not limited to:

1. Identifying Officers with authorities to sign for and on behalf of the Corporation which are approved by the BOD and defining the extent of authority at each level.
2. Implementing joint custody on certain assets which means that the processing of transactions is done in the presence, and under direct observation of a second person.
3. Adopting dual control wherein the work of one person is to be verified by a second person to ensure that the transaction is properly authorized, recorded and settled;
4. Incorporating sequence number control in the Accounting System which also are used in checks, and other similar instruments.

Management shall put in place appropriate controls to manage the usage, safekeeping and recording of accountable forms.

1. Restricting access to information assets by classifying information as to degree of sensitivity and identifying information owners of personnel with authority to access particular classifications based on responsibilities and one’s duties; and
2. Implementing authentication and access controls prior to granting access to information such as, among others, implementing password rules.

This shall be supplemented by appropriate monitoring mechanisms that will allow Audit of use of information assets.

Internal Audit Duties and Responsibilities

Philequity Management, Inc. shall have an independent internal audit function which shall provide an independent and objective assurance, and consulting services designed to add value and improve the company's operations.

A separate internal audit function is essential to monitor and guide the implementation of Philequity Management, Inc.'s policies. It shall help the company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the company's governance, risk management and control functions. The following are the functions of the internal audit, among others:

1. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;

2. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;

3. Performs consulting and advisory services related to governance and control as appropriate for the organization;

4. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;

5. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;

6. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;

7. Evaluates specific operations at the request of the Board or Management, as appropriate; and

8. Monitors and evaluates governance processes.

ANNEX 3 - AUDIT, RISK OVERSIGHT AND RELATED PARTY TRANSACTION COMMITTEES CHARTER

Organization

This Charter shall govern the total operations, roles and responsibilities of the Audit Committee which shall also perform the functions of the Risk Oversight and Related Party Transactions Committees. The Board of Directors shall appoint an Audit Committee composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairperson, should be independent directors. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairperson of the Audit Committee should not be the Chairperson of the Board or of any other committees.

1. Each member of the Committee shall be financially literate, or become financially literate within a reasonable period of time, and at least one member shall be an "audit committee financial expert."

2. Members shall not serve on more than three public company audit committees simultaneously unless the Board of Directors determines that such simultaneous service will not impair the member's ability to serve effectively on the Committee.

3. The Committee shall meet separately and periodically with management, the personnel responsible for the internal audit function and the independent auditor. The Committee shall report regularly to the Board of Directors about its activities.

Purpose

The Committee shall have the following purpose:

1. The Committee shall provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and others stakeholders relating to:

    a. The integrity of Philequity Management, Inc.'s financial statements,

    b. The effectiveness of Philequity Management, Inc.'s internal control over financial reporting,

    c. Philequity Management, Inc.'s compliance with legal and regulatory requirements,

    d. The independent auditor's qualifications and independence, and

    e. The performance of the Philequity Management, Inc.'s internal audit function and external auditor.

2. The Committee shall prepare the Audit Committee report. The Committee shall be responsible for maintaining free and open communication between itself, external auditor, the internal auditors and management of the Corporation, and for determining that all parties are aware of their responsibilities.

Duties and responsibilities

The Committee shall have the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation and integrity of Philequity Management, Inc.'s financial statements; for the appropriateness of the accounting principles and reporting policies that are used by the Corporation; and for establishing and maintaining internal control over financial reporting. The external auditor is responsible for auditing the Company's financial statements and the effectiveness of internal control over financial reporting, and for reviewing the Corporation's unaudited interim financial statements.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions, circumstances, and economic landscape. The Committee shall take appropriate actions to monitor the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.

The Committee shall perform the functions of Board Risk Oversight Committee and/or Related Party Transactions Committee.

Principal Duties and Responsibilities

The following shall be the principal duties and responsibilities of the Committee. These matters are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

1. Risk management and controls

    a. The Committee shall discuss Philequity Management, Inc.'s policies on risk assessment and risk management, including the risk of fraud. The Committee also shall discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.

    b. The Committee shall review with senior management the Corporation's overall anti-fraud programs and controls.

    c. The Committee shall discuss with the internal auditors and the external auditor the overall scope and plans for their respective audits, including the adequacy of staffing and budget or compensation.

2. Risk Oversight Committee Responsibilities

    a. The Committee shall develop a formal enterprise risk management plan which shall contains the following elements:

        a) Common language or register of risks,
        b) Well-defined risk management goals, objectives and oversight,
        c) Uniform processes of assessing risks and developing strategies to manage prioritized risks,
        d) Designing and implementing risk management strategies, and
        e) Continuing assessments to improve risk strategies, processes and measures;

    b. The Committee shall oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the company'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;

c. The Committee shall evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;

d. The Committee shall advise the Board on its risk appetite levels and risk tolerance limits;

e. The Committee shall review at least annually the company'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 when major events occur that are considered to have major impacts on the company;

f. The Committee shall assess 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 the corporation and its stakeholders;

g. The Committee shall provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and

h. The Committee shall report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

3. Financial reporting and disclosure matters

   a. The Committee shall meet to review and discuss the quarterly financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management prior to the filing of the Corporation's Quarterly Report on Form 17-Q.

      a) The Committee shall meet to review and discuss the annual audited financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the external auditor prior to the filing of the Company's Annual Report on Form 17-A. Also, the Committee shall discuss the results of the annual audit and any matters required to be communicated to the Committee by the external auditor under professional standards.

      b) The Committee's review of the financial statements shall include:

         1) Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy and effectiveness of the Company's internal control over financial reporting and any specific remedial actions adopted in light of significant deficiencies or material weaknesses;

2) Discussions with management and the external auditor regarding significant financial reporting issues and judgments made about the preparation of the financial statements and the reasonableness of those judgments, including analyses of the effects of alternative GAAP methods on the financial statements;

3) Consideration of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;

4) Consideration of the judgment of both management and the external auditor about the quality, not just the acceptability, of accounting principles; and

5) The completeness and clarity of the disclosures in the financial statements.

The Committee shall review and discuss with the external auditor, before the filing of the Company's Annual Report on Form 17-A, all critical accounting policies and practices of the Company; all material alternative treatments of financial information within international accounting standards that have been discussed with management, including the ramifications of using such alternative treatments and disclosures, and the treatment preferred by the external auditor; and other material written communications between the external auditor and management.

c) The Committee shall review and approve all related-party transactions required to be disclosed according to SEC rules, and discuss with management the business rationale for the transactions and whether appropriate disclosures have been made.

d) The Committee shall review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

e) The Committee shall discuss, with management and the internal auditors, management's process for assessing the effectiveness of internal control over financial reporting, including any material weaknesses or significant deficiencies identified.

f) The Committee shall review management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the external auditor's report on the effectiveness of internal control over financial reporting.

g) The Committee shall discuss with the external auditor the characterization of deficiencies in internal control over financial reporting. The Committee shall also discuss, with management, management's remediation plan to address internal control deficiencies. The Committee shall determine that the disclosures describing any identified material weaknesses and management's remediation plans are clear and complete.

h) The Committee shall discuss with management its process for performing its required quarterly certifications and reporting, including the evaluation of the effectiveness of disclosure controls by the Chief Executive Officer and/or Chief Financial Officer.
i) The Committee shall discuss with management, the internal auditors and the external auditor

1) Any changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Corporation internal control over financial reporting that are required to be disclosed and

2) Any other changes in internal control over financial reporting that were considered for disclosure in the Corporation's periodic filings with the SEC.

4. Related Party Committee Responsibilities

a. The Committee shall evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;

b. The Committee shall evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:

   a) The related party's relationship to the company and interest in the transaction;
   b) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
   c) The benefits to the corporation of the proposed RPT;
   d) The availability of other sources of comparable products or services; and
   e) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;

c. The Committee shall ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;

d. The Committee shall report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

e. The Committee shall ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and

f. The Committee shall oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

5. External auditor oversight and responsibilities

    a. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the external auditor in preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. The external auditor must report directly to the Committee.

    b. At least annually, the Committee shall obtain and review a report by the external auditor describing:

        a) The firm's internal quality control procedures;

        b) Any material issues raised by the most recent internal quality control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and

        c) All relationships between the external auditor and the Corporation to assess the auditors' independence.

    c. After reviewing the foregoing report and the external auditor's work throughout the year, the Committee shall evaluate the auditors' qualifications, performance and independence. This evaluation should include the review and evaluation of the lead audit partner and take into account the opinions of management and the Corporation's personnel responsible for the internal audit function.

    d. The Committee shall determine that the external auditor has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules.

    e. The Committee shall preapprove all audit and non-audit services provided by the external auditor, including specific preapproval of internal control–related services. The Committee may delegate preapproval authority to a member of the Audit Committee. The decisions of any Committee member to whom preapproval authority is delegated must be presented to the full Committee at its next scheduled meeting.

    f. The Committee shall regularly review with the external auditor any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the external auditor's activities or access to requested information, and management's response. The Committee shall review differences that were noted or proposed by the auditors but were passed as immaterial or otherwise be issued, by the audit firm to the Corporation that is in addition to its audit report on the effectiveness of internal control over financial reporting.

    g. The Committee shall set clear hiring policies for employees or former employees of the external auditor that meet SEC regulations.

6. Internal audit oversight and responsibilities

    a. The Committee shall review and approve the Internal Audit Department's annual audit plan and all major changes to the plan.

    b. The Committee shall review and discuss with the internal auditors the scope, progress and results of executing the internal audit plan.

    c. The Committee shall receive reports on the status of significant findings and recommendations, and management's responses.

    d. The Committee shall review the Charter, reporting relationship, activities, staffing, organizational structure and credentials of the Internal Audit Department.

    e. The Committee shall review and concur on the appointment, replacement, reassignment or dismissal of the Internal Audit Director, who shall have direct access to the Committee.

    f. The Committee shall review the annual performance of the internal audit function.

7. Compliance oversight and responsibilities

    a. The Committee shall review the Philequity Management, Inc.'s compliance and ethics programs, including legal and regulatory requirements, and review with management its periodic evaluation of the effectiveness of such programs. The Committee shall review the Corporation's code of conduct and programs that management has established to monitor compliance with such code. The Committee shall receive any corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty by the Corporation.

    b. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation about accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

    c. The Committee shall determine the appropriate funding needed by the Committee for payment of compensation to the external auditor engaged for preparing or issuing audit reports, or performing other audit, review or attest services for the Corporation.

    d. The Committee shall have the authority to retain outside counsel, accountants, experts and other advisors that it deems appropriate to assist the Committee in performing its functions. The Committee shall be provided with appropriate funding, as determined by the Committee, for payment of compensation to such outside counsel, accountants, experts and other advisors.

    e. The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively. The Committee also shall discuss with the external auditor the accountants' observations related to the effectiveness of the Committee.

    f. The Committee shall review and reassess the Charter at least annually and obtain the approval of the Board of Directors.

8. Investment Oversight Entity Responsibilities

To enhance the regulatory compliance of Philequity Management, Inc. as an Investment Company and Fund Manager, and to ensure adequate protection for shareholders and unitholders, PEMI hereby adopts its Audit Committee as the Independent Oversight Entity (IOE) as mandated by the Securities and Exchange Commission (SEC) Memorandum Circular No. 21 Series of 2019.

a. Definition

An Investment Company shall perform oversight over its Fund Manager. The Investment Company is hence required to have an Independent Oversight Entity (IOE) which shall function as an impartial committee or entity tasked to monitor the transactions and functions carried out by the Fund Manager.

b. The Responsibilities of the IOE are as follows:

a) Exercise care and diligence when monitoring the transactions and functions of the Fund Manager;

b) Oversee the transactions and functions of the Fund Manager to ensure compliance with the disclosures made in the Registrations Statement, prospectus, the Investment Company Act, Securities Regulation Code and their implementing rules and regulations (IRR). For cross-border offerings or transactions, in addition to the abovementioned, oversee the transactions of the Fund Manager in order to ensure that it also complies with the standards/requirements of bilateral or multilateral agreements allowing cross-border offering/transaction that the Philippines is party to;

c) Oversee the subscription and redemption of shares or units facilitated by the Fund Manager and to approve the request of the Fund Manager in the case of suspension of redemption of shares or units whenever necessary for the protection of the investors subject to the rules on Suspension of Redemption provided under Rule 10.4 of ICA-IRR;

d) Oversee the activities of the Fund Manager in order to ensure that it complies with the rules on investment restrictions/limitations, liquidity requirements and other regulations involving the operationalization of the investment objectives, investment policy or strategy of the Investment Company;

e) Over the transactions of the Fund Manager to ensure that delegation will not result in unnecessary fees to be paid by the Investment Company and ensure that it will not delegate its function to the extent that it becomes a letter box such as when it no longer has the power to take decisions in the implementation of the investment policy and strategies nor retain the suitable process to monitor, control the activities and evaluate the performance of the delegate;

f) If, in the reasonable opinion of the IOE, the Fund Manager has not complied with any of the laws, rules or regulations applicable to the Investment Company and/or it failed to report to the Commission the said non-compliance, notify the Commission of its opinion, including particulars of the non-compliance, not later than five (5) business days after forming the opinion or upon knowledge of the non-compliance. The notification shall be done by filing an SEC Form 17-C. It shall also notify, without delay, the members of the

Board of Directors of the Investment Company of its opinion so that the Board can apprise the Fund Manager of the said non-compliance and address any resulting breach;

g) Report to the Commission, any act of the Fund Manager which in its opinion may be detrimental to the interests of the shareholders or unitholders even if the said act is not in violation of any law, rule or regulation, not later than five (5) business days from knowledge thereof; and

h) If necessary, recommend to the Board of Directors of the Investment Company that the Fund Manager be removed due to its inability to fulfill its functions.

c. Independent Oversight Entity Checklist

To ensure consistency of the roles and responsibilities of the IOE, a checklist to monitor the Fund Manager's functions shall be conducted on a regular basis or as more frequently needed. The checklist shall be reviewed and modified on a regular basis or as needed.

Sample Checklist:

a) Sampling of Transactions
   1) Random sample of an Account Opening Form
      - Was the account created on the system?
      - Does the telephone number on the form match on the system?
      - Does the email address of the investor/s match on the system?
      - Does the address on the form match on the system?
      - Does the birthday of the investor/s match on the system?

   2) Random sample of a Subscription
      - Was the pricing used in the subscription consistent across all investors for the day?
      - Is the number of shares or units issued correct?
      - Was there a proper sales load applied (if applicable)?

   3) Random sample of a Redemption
      - Was the pricing used in the redemption consistent across all investors for the day?
      - Does the number of shares or units redeem match the redemption proceeds?
      - Was there a proper exit fee applied (if applicable)?
      - Was the redemption proceeds properly credited to the investor within 7 banking days?

b) Customer Complaints/Presence of Complaint Log

   1) Does the complaint log contain the date and time of the complaint received?
   2) Does the compliant log contain the action/s taken, progress or status of the complaint?

c) Authorized Capital Stock

   1) Are there sufficient shares/units for each fund?

2) Has the Fund Manager issued shares which exceed the number of securities registered with the SEC?
3) Has the Fund Manager issues units which exceed the number of units registered with the SEC?

d) For cross-border offerings/transactions

1) Does the Fund Manager comply with the ASEAN CIS Standards of Qualifying CIS (cross-border offerings)?

e) Investment Restrictions/Limitations

1) The maximum limit of a single enterprise/issuer does not exceed 15% of the Fund's net assets, nor shall the total investment of the Fund exceed 10% of the outstanding securities of the investee company.

2) The Fund has not invested, in aggregate, more than 20% of its net assets in transferrable securities, money market securities, deposits and financial derivatives issued by a single entity or issuer.

3) At least 10% (or 5% if with contingency plan) of the Fund's assets are invested in liquid/semi-liquid assets

4) Deposits in a single bank/non-bank with quasi bank license excluding monies for liquidation of a revoked Investment Company does not exceed 20% of the Fund's net assets

5) The investments in the following does not exceed 5% of the Fund's net assets:
   - Deposits placed with a non-investment grade or unrated deposit taking institution
   - Debt securities or money market instruments not dealt in an organized market or issued by an unrated or non-investment grade issuing body; and
   - Over-the-counter financial derivatives with non-investment grade or unrated counterparty, unless the derivatives are used for efficient portfolio management which the investment aggregate shall not exceed more than 20% of the assets of the Fund
   - Unlisted shares issued by a related party

6) The Liquidity Contingency Plan of the Fund is followed (if applicable)

f) Net Asset Value

1) The value of the assets of the Fund is determined based on the following:
   - If quoted in an organized market, based on official closing price or last known transacted price;
   - If unquoted or quoted investments where the transacted prices are not represented or not available to the market, based on fair value; Provided further that in determining the fair value of the investments, the Fund Manager shall, with due care and good faith:

        - Have reference to the price that the Investment Company would reasonably expect to receive upon the sale of the investment at the time the fair value is determined;
        - Document the basis and approach for determining the fair value.
    - The Net Asset Value calculation is done by adding:
        - The aggregate market value of the portfolio securities and other assets
        - The cash on hand
        - Any dividends on stock trading ex-dividend, and
        - Any accrued interest on portfolio securities
    - And subtracting
        - Taxes and other charges against the fund not previously deducted
        - Liabilities
        - Accrued expenses and fees, and
        - Cash held for distribution to investors of the fund on a prior date.

2) The NAVPS/NAVPU is computed on a daily basis

3) The NAVPS/NAVPU is published in at least 2 national newspapers of general circulation

4) The NAVPS/NAVPU is uploaded on its website or social media accounts

g) Qualifications of Key Executive Officers

1) All of the Key Executive Officers of the Fund Manager's organization have:

    - At least a Bachelor's degree, or its equivalent and a minimum of 3 years' experience (for the past 5 years) in financial or capital markets; or
    - A minimum of five years' experience (in the past 7 years) in financial or capital markets.
    - Passed licensure exam/s as prescribed by the Commission (if applicable)

2) The Compliance Officer possesses the following qualifications:
    - A resident of the Philippines;
    - Of legal age;
    - Undertook or passed the certification examination for Compliance Officer administered by the Commission;
    - Passed the applicable examination within the last three (3) years immediately preceding his/her engagement as a Compliance Officer;
    - Duly licensed by the Commission to perform compliance function;
    - Has a valid license for the year and paid the required annual fee;
    - Possesses at least eight (8) hours of training and two (2) years of experience in securities regulation matters and an understanding of the mutual fund activities of the firm enabling them to effectively execute their duties;
    - Has no disciplinary history for the past ten (10) years or has not been censured, reprimanded or fined by a professional or regulatory body for negligence, incompetence, mismanagement, or dereliction of duty;
    - Has not been dismissed or requested to resign from any position or office; and

- Has complied with such other requirements as may be prescribed by the Commission.

d. Penalties

For failure of the IOE to comply with any of its responsibilities, the penalty shall be:

Description	First Violation	Second Violation	Third Violation	Fourth Violation
Failure to comply by the Audit Committee as IOE	Reprimand	P20,000	P50,000	Disqualification of the erring member as a director of the concerned Investment Company, Fund Manager and such other Funds managed by the same Fund Manager for a period of 2 years from disqualification

All members of the Audit Committee shall be jointly and severally liable for the monetary penalty mentioned above. Each member is liable for the entire obligation but he/she who made the payment may reimburse the claim from his/her co-members the share which corresponds to each.

9. Investigative authority

The Committee shall be empowered to investigate any matter brought to its attention with full access to all Company books, records and personnel, using special counsel or outside experts when necessary or appropriate.

ANNEX 4 - CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEES CHARTER

Organization

1. This Charter shall govern the total operations, roles and responsibilities of the Corporate Governance Committee which shall perform the functions of the Nomination and Remuneration Committees as well. The Board of Directors shall appoint a Corporate Governance Committee of at least three (3) directors, majority of whom should be independent directors, including the Chairperson, and shall designate one member as chairperson or delegate the authority to designate a Chairperson to the Committee.

2. The committee shall meet separately and periodically with management, the personnel responsible for the internal audit function and the independent auditor. The Committee shall report regularly to the Board of Directors about its activities.

Purpose

The Corporate Governance Committee shall have the following purpose:

1. Assist the Board in the performance of its corporate governance responsibilities, including the functions assigned to Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom should be independent directors, including the Chairperson.

2. Ensure compliance with and proper observance of corporate governance principles and practices.

3. Perform the duties and responsibilities of the Nomination and Remuneration Committees.

4. Identify individuals qualified to become Board members, and recommend to the Board director nominees for election at the next annual or special meeting of shareholders at which directors are to be elected or to fill any vacancies or newly created directorships that may occur between such meetings;

5. Recommend directors for appointment to Board committees; make recommendations to the Board as to determinations of director independence;

6. Oversee the evaluation of the Board;

7. Oversee and set compensation for the Board of Directors; and

8. Develop and recommend to the Board the Corporate Governance Guidelines and Code of Business Conduct and Ethics for the Company and oversee compliance with such Guidelines and Code

Duties and responsibilities

It shall have the following duties and functions, among others:

1. The Committee shall oversee 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 its business and regulatory environments;

2. The Committee shall develop and recommend to the Board the Corporate Governance Guidelines and Code of Business Conduct and Ethics for Philequity Management, Inc. At least annually, the Committee shall review and reassess the adequacy of such Corporate Governance Guidelines and Code of Business Conduct and Ethics and recommend any proposed changes to the Board.

3. The Committee shall be responsible for any tasks assigned to it in the Company's Corporate Governance Guidelines.

4. The Committee shall oversee compliance with the Company's Corporate Governance Guidelines and Code of Business Conduct and Ethics and report on such compliance to the Board. The Committee shall also review and consider any requests for waivers of the Company's Corporate Governance Guidelines or Code of Business Conduct and Ethics for the Company's directors, executive officers and other senior financial officers, and shall make a recommendation to the Board with respect to such request for a waiver.

5. The Committee shall review potential conflicts of interest involving directors and shall determine whether such director or directors may vote on any issue as to which there may be a conflict.

6. The Committee shall review all related party transactions and determine whether such transactions are appropriate for the Company to undertake. If so, the Committee is authorized to approve such transactions.

7. The Committee shall look into the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

8. The Committee shall ensure 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;

9. The Committee shall recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

10. The Committee shall adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

11. The Committee shall propose and plan relevant trainings for the members of the Board:

    a. Nomination Committee Responsibilities

        1) The Committee shall determine the nomination and election process for Philequity Management, Inc.'s directors and has the special duty of defining the general profile of board members that the Corporation may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board;

2) The Committee shall oversee searches for and identify qualified individuals for membership on Philequity Management, Inc.'s Board.

3) The Committee shall recommend to the Board criteria for Board and Board committee membership, including as to director independence, and shall recommend individuals for membership on the Company's Board and its committees. In making its recommendations for Board and committee membership, the Committee shall review candidates' qualifications for membership on the Board or a committee of the Board (including making a specific determination as to the independence of each candidate) based on the criteria approved by the Board (and taking into account the enhanced independence, financial literacy and financial expertise)

4) The Committee shall evaluate current directors for re-nomination to the Board or reappointment to any Board committees, assess the performance of such directors;

5) The Committee shall periodically review the composition of the Board and its committees in light of the current challenges and needs of the Board, the Corporation and each committee, and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background and experience;

6) The Committee shall consider rotation of committee members and committee Chairperson;

b. Evaluating the Board and its Committees

1) At least annually, the Committee shall lead the Board in a self-evaluation to determine whether it and its committees are functioning effectively. The Committee shall oversee the evaluation process and report on such process and the results of the evaluations, including any recommendations for proposed changes, to the Board.

2) The Committee shall periodically review the size and responsibilities of the Board and its committees and recommend any proposed changes to the Board.

c. Remuneration Committee Responsibilities

1) The Committee shall establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

2) The Committee shall review and approve compensation (including stock option grants and other equity-based compensation) for the Corporation's directors. In so reviewing and approving director compensation, the Committee shall:

3) The Committee shall identify corporate goals and objectives relevant to director compensation; and

4) The Committee shall evaluate the performance of the Board in light of such goals and objectives and set director compensation based on such evaluation and such other factors as the Committee deems appropriate and in the best interests of the Corporation.

5) The Committee shall evaluate the possibility that directors' independence may be compromised or impaired for Board or committee purposes if director compensation exceeds customary levels, if the Corporation makes substantial charitable contributions to an organization with which a director is affiliated, or if the Corporation enters into consulting contracts with (or provides other indirect forms of compensation to) a director (which consulting contracts or other indirect forms of compensation are expressly prohibited for Audit Committee members).

d. Investigative authority

1) The Committee shall be empowered to investigate any matter brought to its attention with full access to all Company books, records and personnel, using special counsel or outside experts when necessary or appropriate.

2) The Committee shall have the sole authority to retain and terminate any search firm assisting the Committee in identifying director candidates, including sole authority to approve all such search firm's fees and other retention terms. In addition, the Committee has the sole authority to retain and terminate any compensation consultant assisting the Committee in the evaluation of director compensation, including sole authority to approve all such compensation consultant's fees and other retention terms.

3) The Committee may delegate its authority to subcommittees or the Chair of the Committee when it deems appropriate and in the best interests of the Company.