

**PROPOSED AMENDMENTS TO BY-LAWS OF
 KEPPEL PHILIPPINES PROPERTIES, INC.**

CURRENT BY-LAWS	PROPOSED AMENDED BY-LAWS
AMENDED OF BY-LAWS OF KEPPEL PHILIPPINES PROPERTIES, INC.	AMENDED BY-LAWS OF KEPPEL PHILIPPINES PROPERTIES, INC.
Section 3. Place of Meeting - Stockholders meetings, whether regular or special, shall be held in the principal office of the corporation or at any place designated by the Board of Directors in the city or municipality where the principal office of the corporation is located.	Section 3. Place of Meeting - Stockholders meetings, whether regular or special, shall be held in the principal office of the corporation or at any place designated by the Board of Directors in the city or municipality where the principal office of the corporation is located. <u>Stockholders may participate by means of remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate, subject to the guidelines of the Securities and Exchange Commission on</u>

	<u>stockholder participation in absentia.</u>
<p>Section 4. Notice of Meeting - Written notices for regular or special meetings of stockholders may be sent by the Secretary, by personal delivery or by mailing the notice at least fourteen (14) days prior to the date of the meeting to each stockholder of record at his/her last known post office address or by publishing the notice in a newspaper of national circulation. The notice shall state the place, date and hour of the meeting and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberation at such meeting and may be waived expressly or impliedly by any stockholders in person or by proxy, before or after the meeting.</p> <p>When the meeting of the stockholder is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to</p>	<p>Section 4. Notice of Meeting - Written notices for regular or special meetings of stockholders may be sent by the Secretary, by personal delivery or by mailing the notice at least <u>twenty-one (21)</u> days prior to the date of the meeting to each stockholder of record at his/her last known post office address <u>or through electronic mail, and</u> by publishing the notice in a newspaper of national circulation <u>and online format pursuant to prevailing notice requirements of the Securities and Exchange Commission (SEC) for Publicly Listed Companies (PLC).</u> The notice shall state the place, date and hour of the meeting and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberation at such meeting. <u>Notice of any meeting</u> may be waived expressly or impliedly by any stockholder in person or by proxy, before or after the meeting.</p> <p>When the meeting of the stockholder is</p>

<p>which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.</p>	<p>adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.</p>
<p>Section 4. Election and Term - The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified. (As amended on 17 October 2003)</p>	<p>Section 4. Election and Term - The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified. (As amended on 17 October 2003)</p> <p><u>Section 4-A. Qualifications and Disqualifications of Directors - The qualifications of directors and the grounds for disqualification, whether permanent or temporary, of directors are as follows:</u></p> <p><u>(A) Qualifications of a Candidate as a Director</u></p> <p>1. <u>Holder of at least one (1) share of</u></p>

	<p><u>stock of KEP;</u></p> <ol style="list-style-type: none">2. <u>At least a college graduate or holder of equivalent academic degree;</u>3. <u>At least twenty-one (21) years old;</u>4. <u>Membership in good standing in relevant industry, business or professional organizations;</u>5. <u>Practical understanding of the business of KEP and sufficient experience in managing the business to substitute for such formal education;</u>6. <u>Proven to possess integrity and probity, assiduous, and</u>7. <u>Such other qualifications as the Governance, Nomination and Compensation Committee (GNCC) may reasonably require based on the nature and requirements of the</u>
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	<p style="text-align: center;"><u>position at stake.</u></p> <p><u>(B) Grounds for Disqualification of a Director:</u></p> <p><u>(1) Permanent Disqualification:</u></p> <p style="padding-left: 40px;"><u>(a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company,</u></p>
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	<p><u>investment house or as an affiliated person of any of them;</u></p> <p>(b) <u>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: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or</u></p>
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	<p><u>willfully violating the laws that govern securities and banking activities;</u></p> <p>(c) <u>The disqualification will also apply if</u></p> <p><u>(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</u></p> <p><u>(c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation</u></p>
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	<p style="text-align: center;"><u>or association with a member or participant of the organization;</u></p> <p>(d) <u>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;</u></p> <p>(e) <u>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,</u></p>
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	<p><u>rule, regulation or order administered by the SEC or BSP;</u></p> <p>(f) <u>Any person judicially declared as insolvent;</u></p> <p>(g) <u>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;</u></p> <p>(h) <u>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</u></p>
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	<p>(i) <u>Other grounds as the SEC may provide.</u></p> <p><u>(2) Temporary Disqualifications:</u></p> <p>(a) <u>Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12)-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification will apply for purposes of the succeeding election;</u></p> <p>(b) <u>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</u></p>
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Commission. The disqualification will be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;

(c) If the beneficial equity ownership of an independent director in KEP or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and

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

A temporary disqualified director will,

	<p><u>within sixty (60) business days from such a disqualification, take the appropriate action to remedy or correct the disqualification. If he fails, or refuses to do so for unjustified reason, the disqualification will become permanent.</u></p>
<p>Section 5. Vacancies - Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.</p> <p>Any directorship to be filled by reason of an increase in the number of directors shall be filled only by an election at a regular or at a special meeting of stockholders duly called for the purpose, or in the same meeting authorizing the</p>	<p>Section 5. Vacancies - Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.</p> <p><u>When the vacancy is due to term expiration, the election shall be held no later than the day of such expiration at a meeting called for that purpose. When the vacancy arises as a result of removal by the stockholders or members, the election may be held on the same day of the meeting authorizing the removal and this fact must be so stated in the</u></p>

increase of directors if so stated in the notice of the meeting.

The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purpose, after giving notice as prescribed in these bylaws. (As amended on 17 October 2003)

agenda and notice of said meeting. In all other cases, the election must be held no later than forty-five (45) days from the time the vacancy arose. A director or trustee elected to fill a vacancy shall be referred to as replacement director or trustee and shall serve only for the unexpired term of the predecessor in office.

However, when the vacancy prevents the remaining directors from constituting a quorum and emergency action is required to prevent grave, substantial, and irreparable loss or damage to the corporation, the vacancy may be temporarily filled from among the officers of the corporation by unanimous vote of the remaining directors or trustees. The action by the designated director or trustee shall be limited to the emergency action necessary, and the term shall cease within a reasonable time from the termination of the emergency or upon election of the replacement director or trustee, whichever comes earlier. The corporation must notify the Commission within three (3) days from the creation of the

	<p><u>emergency board, stating therein the reason for its creation.</u></p> <p>Any directorship to be filled by reason of an increase in the number of directors shall be filled only by an election at a regular or at a special meeting of stockholders duly called for the purpose, or in the same meeting authorizing the increase of directors if so stated in the notice of the meeting. (As amended on 17 October 2003;)</p>
<p>Section 6. Meeting - Regular meetings of the Board of Directors shall be held once every quarter of the year on such dates and at such times and places as the Chairman of the Board, or in his absence, the President, or upon the request of a majority of the directors, and shall be held at such places as may be designated in the notice. (As amended on 17 October 2003)</p>	<p>Section 6. Meeting - Regular meetings of the Board of Directors shall be held once every quarter of the year on such dates and at such times and places as the Chairman of the Board, or in his absence, the President, or upon the request of a majority of the directors, and shall be held at such places as may be designated in the notice.</p> <p><u>Special meetings of the Board of Directors may be held whenever called by the direction or upon the order of the Chairman, or by written request of any three (3) directors, and shall be held at the principle office of the Corporation, or at such place as</u></p>

	<p><u>may be designated by the Chairman.</u> (As amended on 17 October 2003;)</p>
<p>Section 7. Notice - Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telex, telegram, or by written or oral message at least five (5) days before the scheduled meeting. A director may waive this requirement, either expressly or impliedly. (As amended on 17 October 2003)</p>	<p>Section 7. Notice - Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telex, telegram, or by written or oral message, <u>or through electronic mail</u>, at least five (5) days before the scheduled meeting. A director may waive this requirement, either expressly or impliedly. (As amended on 17 October 2003;)</p>
<p>Section 9. Conduct of the Meetings - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the Chairman of the meeting shall appoint a</p>	<p>Section 9. Conduct of the Meetings - Meetings of the Board of Directors, <u>whether regular or special</u>, shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the Chairman of the meeting shall appoint a secretary for the meeting.</p>

secretary for the meeting. (As amended on 17 October 2003)

Regular and special meetings of the Board of Directors may be conducted by means of remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate. In such case, the following guidelines shall govern:

- 1.) **If the Director intends to participate in a meeting through remote communication, he/she shall notify in advance the Corporate Secretary of his/her intention.**

- 2.) **The conduct of meetings via remote communication shall be made pursuant to prevailing Securities and Exchange Commission (SEC) rules on such.**

	(As amended on 17 October 2003;)
<p>Section 1. Definition – Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company and includes, among others, any person who:</p> <p>a. Is not a director or officer of the covered company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;</p> <p>b. Does not own more than two percent (2%) of shares of the covered company and/or its related companies or any of its substantial shareholders;</p> <p>c. Is not related to any director, officer or substantial shareholder of the covered</p>	<p>Section 1. Definition – Independent director means <u>a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director</u> and includes, among others, any person who:</p> <p><u>a. Is not, and has not been in the three (3) years immediately preceding the election, a director of the Corporation; a director, officer, employee of the Corporation’s subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation’s substantial shareholders and its related companies;</u> except when the same shall be an independent director of any of the foregoing;</p> <p><u>b. Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman</u></p>

company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

d. Is not acting as a nominee or representative of any director substantial shareholder of the covered company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

e. Has not been employed in any executive capacity by the covered company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;

f. Is not retained, either personally or through his firm or any similar entity, as professional adviser by that covered company, any of its related companies and/or any of its substantial shareholders within the last two (2) years;

“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 three (3) years immediately preceding his election;

c. Does not own more than two percent (2%) of shares of the **Corporation** and/or its related companies or any of its substantial shareholders;

d. Is not related to any director, officer or substantial shareholder of the **Corporation**, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

e. Is not acting as a nominee or representative of any director substantial shareholder of the **Corporation**, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

<p>g. Has not engaged and does not engage in any transaction with the covered company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms' length and are immaterial. (As approved for amendment on 08 June 2006)</p>	<p>f. Is not retained, either personally or through his firm or any similar entity, as professional adviser by the Corporation, any of its related companies and/or any of its substantial shareholders within the last three (3) years;</p> <p>g. Has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms' length and are immaterial. (As approved for amendment on 08 June 2006;)</p>
<p>Section 2. Composition - The Corporation shall have at least two (2) independent directors or at least 20% of its Board size, whichever is the lesser. The Corporation may choose to have more independent directors than as above required. (As amended on 17 October 2003)</p>	<p>Section 2. Composition - The Corporation shall have at least three (3) independent directors or at least 1/3 of its Board size, whichever is the higher. (As amended on 17 October 2003;)</p>
<p>Section 5. Disqualifications - No person</p>	<p>Section 5. Disqualifications - No person</p>

enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

- a) He becomes an officer or employee of the corporation where he is such member of the board of directors, or becomes any of the persons enumerated under Section II(5) of the Code of Corporate Governance;
- b) His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the company where he is such director;
- c) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member; and
- d) Such other disqualifications which the

disqualified to be a director under the Corporation's Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

- a) He becomes an officer or employee of the corporation where he is such member of the board of directors, or becomes any of the persons enumerated under Section II(5) of the Code of Corporate Governance;
- b) His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the company where he is such director;
- c) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member; and
- d) Such other disqualifications which the covered company's Manual on Corporate

<p>covered company's Manual on Corporate Governance provides. (As approved for amendment on 08 June 2006)</p>	<p>Governance provides. (As approved for amendment on 08 June 2006;)</p>
<p style="text-align: center;">No provision</p>	<p><u>Section 6-A. Term Limit of Independent Directors - The Corporation's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Corporation wants to retain an independent director who has served for nine (9) years, the Board of Directors shall provide meritorious justification/s and seek stockholders' approval during the annual stockholders' meeting. Reckoning of the cumulative nine-year term is from 2012.</u></p>
<p>Section 2. Audit Committee - The Audit Committee shall be composed of at least three (3) members of the Board, two (2) of whom shall be independent directors, one (1) of whom shall be the Head or Chairman of the Committee. Each member shall have adequate understanding at least</p>	<p>Section 2. Audit <u>and Compliance Committee</u> - The Audit <u>and Compliance Committee (ACC)</u> shall be composed of at least three (3) <u>appropriately qualified non-executive directors, the majority of whom, including the Chairman, shall be independent. All of the members of the committee must have</u></p>

or competence at most of the company's financial management systems and environment. (As approved for amendment on 08 June 2006)

The independent directors must always be present in all meetings of the Committee in the same way that they are required to be present in all meetings of the Board. (As approved for amendment on 08 June 2006)

The Audit Committee shall have the following duties and responsibilities:

- a. Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
- b. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis

relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the ACC shall not be the chairman of the Board or of any other committees.

The ACC shall have oversight responsibility on the following functions:

1. Audit and financial reporting

The ACC shall enhance its oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. It shall be responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures 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,

<p>management;</p> <p>c. Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit;</p> <p>d. Perform direct interface functions with the internal and external auditors;</p> <p>e. Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:</p> <p style="padding-left: 40px;">(i) A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (AS) compliant.</p> <p style="padding-left: 40px;">(ii) An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.</p> <p>f. Develop a transparent financial</p>	<p><u>and safeguarding of assets.</u></p> <p><u>2. Enterprise Risk Management</u></p> <p><u>The ACC shall ensure the functionality and effectiveness of enterprise risk management frameworks.</u></p> <p><u>3. Related Party Transaction</u></p> <p><u>The ACC shall review all material related party transactions of the Corporation to ensure that it is an arms-length, market based and in compliance with all applicable laws.</u></p> <p><u>The functions of the ACC are to be outlined in the Corporation's Manual on Corporate Governance.</u> (As approved for amendment on 08 June 2006;)</p>
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<p>management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization; and</p> <p>g. Coordinate, facilitate and monitor compliance with existing tax, legal and stock exchange requirements of the Corporation. (As amended on 17 October 2003}</p>	
<p>Section 3. Compensation Committee - The Compensation or Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.</p> <p>The independent director must always be present in all meetings of this Committee in the same way that he is required to be present in all meetings of the Board.</p> <p>The Compensation Committee shall have the following duties and responsibilities:</p>	<p>Section 3. <u>Governance, Nomination and Compensation Committee</u> – The <u>Governance, Nomination and Compensation Committee (GNCC) shall be composed of at least three members, all of whom shall be independent directors, including the Chairman.</u></p> <p><u>The GNCC shall have the oversight responsibility on the following functions:</u></p> <p><u>1. Corporate governance</u></p> <p><u>The GNCC shall ensure compliance with and proper observance of corporate</u></p>

a. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment;

b. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully;

c. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of

governance principles and practices.

2. Nomination

The GNCC shall determine the nomination and election process for the Corporation's directors and has the special duty of defining the general profile of board members that the Corporation may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board of Directors.

3. Compensation

The GNCC 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.

The functions of the GNCC are to be outlined in the Corporation's Manual on

<p>duties once hired;</p> <p>d. Disallow any director to decide his or her own remuneration;</p> <p>e. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year; and</p> <p>f. Develop a Personnel Handbook or cause the development of such to create provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts. (As amended on 17 October 2003)</p>	<p><u>Corporate Governance.</u> (As amended on 17 October 2003;)</p>
<p>Section 4. Screening Committee - The Board may form the Screening Committee when the need to pre-screen and shortlist all candidates nominated to become a member of the Board of Directors arises or</p>	

<p>prior to the election of a director. It may be dissolved once the abovementioned duties or such other duties assigned to the Committee by the Board of Directors have been completed.</p> <p>The Screening Committee shall have at least three (3) members, one of whom must be an independent director. The Board may call upon the HR Manager to assist the committee in screening the candidates nominated. The independent director must always be present in all meetings of this Committee in the same way that he is required to be present in all meetings of the Board.</p> <p>To assist the committee in determining the optimum number of directorships of the members of the Board, it shall consider the following guidelines:</p> <ul style="list-style-type: none">a. The nature of the business of the Corporation in which he is a director;b. Age of the director;	<p style="text-align: center;">To delete provision</p>
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c. Experience and knowledge of the director on the field of business of the Corporation;

d. Number of directorships/active memberships and officerships in other corporations or organizations;

e. Possible conflict of interest; and

f. Willingness and determination of the director to serve the Corporation.

The optimum number shall be related to the capacity of a director to perform his duties diligently in general. Moreover, the Chief Executive Officer/President and other executive directors shall submit themselves to low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

<p>All candidates nominated to become a member of the Board of Directors shall be pre-screened in accordance with the following qualifications and disqualifications: x x x x</p>	
<p>Section 2. Chairman of the Board – The Chairman of the Board of Directors shall preside at the meetings of the directors and the stockholders. He shall also exercise such powers and perform such duties as the Board of Directors may assign to him.</p>	<p>Section 2. Chairman of the Board – The Chairman of the Board of Directors shall preside at the meetings of the directors and the stockholders. He shall also exercise such powers and perform such duties as the Board of Directors may assign to him <u>and those responsibilities enumerated under the Corporation’s Manual on Corporate Governance.</u></p>
<p style="text-align: center;">No provision</p>	<p><u>Section 2-A. Lead Independent Director – The Board will designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and President are held by one (1) person.</u></p> <p><u>The functions of the lead director include, among others, the following:</u></p>

	<p><u>a.Serves as an intermediary between the Chairman and the other directors when necessary;</u> <u>b.Convenes and chairs meetings of the non-executive directors; and</u> <u>c.Contributes to the performance evaluation of the Chairman, as required.</u></p>
<p>Section 4. President - The President, who shall be elected a director, shall be the Chief Executive of the corporation and shall also have administration and direction of the day-to-day business affairs of the corporation. He shall exercise the following functions:</p> <p>(a) To preside a t the meetings of the Board of Directors and of the stockholders in the absence of the Chairman or Vice-Chairman of the Board of Directors;</p> <p>(b) To initiate and develop corporate objectives and formulate long-range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;</p> <p>(c) To have general supervision and</p>	<p>Section 4. President - The President, who shall be elected a director, shall be the Chief Executive of the corporation and shall also have administration and direction of the day-to-day business affairs of the corporation. He shall exercise the following functions:</p> <p>(a) To preside a t the meetings of the Board of Directors and of the stockholders in the absence of the Chairman or Vice-Chairman of the Board of Directors;</p> <p>(b) To initiate and develop corporate objectives and formulate long-range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;</p> <p>(c) To have general supervision and management of the business affairs and</p>

<p>management of the business affairs and property of the corporation;</p> <p>(d) To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control;</p> <p>(e) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries.</p> <p>(f) To oversee the preparation of the budgets and the statements of accounts of the corporation;</p> <p>(g) To prepare such statement and reports of the corporation as may be required of him by law;</p> <p>(h) To represent the corporation at all functions and proceedings;</p> <p>(i) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which the approval of the Board of Directors, except as otherwise directed by the Board of Directors;</p> <p>(j) To make reports to the Board of Directors and stockholders;</p>	<p>property of the corporation;</p> <p>(d) To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control;</p> <p>(e) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries.</p> <p>(f) To oversee the preparation of the budgets and the statements of accounts of the corporation;</p> <p>(g) To prepare such statement and reports of the corporation as may be required of him by law;</p> <p>(h) To represent the corporation at all functions and proceedings;</p> <p>(i) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which the approval of the Board of Directors, except as otherwise directed by the Board of Directors;</p> <p>(j) To make reports to the Board of Directors and stockholders;</p> <p>(k) To sign certificates of stock;</p> <p>(l) To perform such other duties as are</p>
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<p>(k) To sign certificates of stock;</p> <p>(l) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</p> <p>The President may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s) subject always to his supervision and control.</p>	<p>incident to his office or are entrusted to him by the Board of Directors, <u>and those responsibilities enumerated under the Corporation's Manual on Corporate Governance.</u></p>
<p>Section 7. The Corporate Secretary – The Corporate Secretary must be a Filipino citizen and a resident of the Philippines. He shall be the custodian of and shall maintain the corporate books and records and shall be the recorder of corporation's formal actions and transactions. He shall have the following specific powers and duties:</p> <p>(a) To attend all Board meetings and record or see to the proper recording of the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and</p>	<p>Section 7. The Corporate Secretary – The Corporate Secretary must be a Filipino citizen and a resident of the Philippines. He shall be the custodian of and shall maintain the corporate books and records and shall be the recorder of corporation's formal actions and transactions. He shall have the following specific powers and duties:</p> <p>(a) To attend all Board meetings and record or see to the proper recording of the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;</p> <p>(b) To keep or cause to be kept record books</p>

<p>manner required by law;</p> <p>(b) To keep or cause to be kept record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred.</p> <p>(c) To keep the corporate seal and affix it on all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same.</p> <p>(d) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given.</p> <p>(e) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations.</p> <p>(f) To act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence</p>	<p>showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred.</p> <p>(c) To keep the corporate seal and affix it on all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same.</p> <p>(d) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given.</p> <p>(e) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations.</p> <p>(f) To act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and</p>
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of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and to do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and functions to any other person or persons, subject always to his supervision and control.

(g) To gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities of the Corporation.

(h) To get a complete schedule of the agenda at least for the current year and put the Board on notice before every meeting.

(i) To assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.

(j) To submit to the SEC, at the end of

tabulate all votes, ballots or consents, determine the result, and to do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and functions to any other person or persons, subject always to his supervision and control.

(g) To gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities of the Corporation.

(h) To get a complete schedule of the agenda at least for the current year and put the Board on notice before every meeting.

(i) To assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.

(j) To submit to the SEC, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

(k) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President,

<p>every fiscal year, an annual certification as to the attendance of the directors during Board meetings.</p> <p>(k) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President. (As amended on 17 October 2003)</p>	<p><u>and those responsibilities enumerated under the Corporation’s Manual on Corporate Governance.</u> (As amended on 17 October 2003;)</p>
<p>Section 11. Compliance Officer - To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.</p> <p>The Compliance Officer shall perform the following duties:</p> <p>(a) Monitor compliance with the provisions and requirements of the Manual on Corporate Governance (the “Manual”);</p> <p>(b) Identify, monitor and control compliance risks;</p> <p>(c) Recommend to the Board, from time to</p>	<p>Section 11. Compliance Officer - To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a <u>Senior</u> Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.</p> <p>The Compliance Officer shall perform the following duties:</p> <p>(a) Monitor compliance with the provisions and requirements of the Manual on Corporate Governance (the “Manual”);</p> <p>(b) Identify, monitor and control compliance risks;</p> <p>(c) Recommend to the Board, from time to time, appropriate measures to instill awareness and insure compliance with the</p>

<p>time, appropriate measures to instill awareness and insure compliance with the Manual;</p> <p>(d) Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;</p> <p>(e) Issue a certification every January 30% of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same year; and</p> <p>(f) Appear before the SEC upon summons on similar matters that need to be clarified by the same;</p> <p>The appointment of the compliance officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer. (As amended on 17 October 2003)</p>	<p>Manual;</p> <p>(d) Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;</p> <p>(e) Issue a certification every January 30% of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same year; and</p> <p>(f) Appear before the SEC upon summons on similar matters that need to be clarified by the same; and</p> <p><u>(g) Perform such other duties as are incident to his office and those responsibilities enumerated under the Corporation's Manual on Corporate Governance.</u></p> <p>The appointment of the compliance officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer. (As amended on 17 October 2003;)</p>
<p>Section 12. The External Auditor - An external auditor shall enable an environment of good corporate</p>	<p>Section 12. The External Auditor - An external auditor shall enable an environment of good corporate governance as reflected in the</p>

governance as reflected in the financial records and reports of the company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

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

The company's external auditor shall be rotated or the handling partner shall be

financial records and reports of the company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit **and Compliance** Committee (**ACC**).

The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

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

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

<p>changed every five (5) years or earlier. The external auditor or auditors of the Corporation for the ensuing year shall be appointed at the regular stockholders' meeting.</p> <p>The external auditor or auditors of the Corporation shall examine, verify, and report on the earnings and expenses of the Corporation and shall certify the remuneration of the external auditor or auditors as determined by the Board of Directors. If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports. (As amended on 17 October 2003)</p>	<p>external auditor or auditors of the Corporation for the ensuing year shall be appointed at the regular stockholders' meeting.</p> <p>The external auditor or auditors of the Corporation shall examine, verify, and report on the earnings and expenses of the Corporation and shall certify the remuneration of the external auditor or auditors as determined by the Board of Directors. If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports. (As amended on 17 October 2003;)</p>
<p>Section 13. The Internal Auditor – The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with</p>	<p>Section 13. The Internal Auditor – The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance</p>

<p>reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The Internal Auditor shall report to the Audit Committee. (As amended on 17 October 2003)</p>	<p>that its key organizational and procedural controls are effective, appropriate, and complied with. The Internal Auditor shall report to the Audit <u>and Compliance</u> Committee (<u>ACC</u>). (As amended on 17 October 2003;)</p>
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