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CORPORATE GOVERNANCE MANUAL

OF



COL FINANCIAL GROUP, INC.

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The Board of Directors and Management, officers, staff, and agents of **COL FINANCIAL GROUP, INC.** ("COL", the "Corporation", or the "Company") hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same shall be a guide for the attainment of the Company's corporate goals.

I. OBJECTIVE

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

The Board of Directors and Management, employees, agents, and shareholders of the Corporation believe that corporate governance is a necessary component of sound strategic business management and undertake every effort necessary to create awareness within the organization.

II. COMPOSITION AND MEMBERSHIP

2.01 Board Composition

a. The Board shall be composed of eleven (11) members who shall collectively possess the necessary knowledge, skills, and experience relevant to the Corporation's business and required to properly perform their duties and responsibilities.

b. As much as practicable, the Board shall be composed of a mix of competent directors coming from diverse backgrounds, which will enable each member to have a unique perspective and provide valuable and independent judgment and insight in the formulation of sound corporate strategies and policies.

c. A minimum of two (2) or such number of directors that constitutes twenty percent (20%) of the members of the Board, whichever is less, but in no case less than two (2), shall be independent directors.

d. A combination of executive and non-executive directors (which include independent directors) may compose the members of the Board to ensure that no Director or group of directors shall dominate the decision-making process.

e. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

f. To help secure independent judgment of corporate affairs, it is recommended that non-executive directors compose the majority of the Board. In case the shareholders choose to elect a majority of executive directors in the Board, however, the Board shall put into place mechanisms to ensure proper checks and balances and the protection of the Corporation's best interests.

2.02 Multiple Board Seats

a. To ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals and views, and oversee the long-term strategy of the Company, directors may only concurrently serve as directors to a maximum of five (5) Philippine publicly listed companies.

b. The Board shall consider the adoption of guidelines on the number of directorships that its members can hold in other corporations, whether or not publicly listed. The optimum number shall take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

c. The above notwithstanding, a director should notify the Board before accepting a directorship in another company.

2.03 The Chairperson and Chief Executive Officer

a. The roles of the Chairperson and Chief Executive Officer ("CEO") should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairperson and CEO upon their election.

b. If the positions of Chairperson and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

2.04 Term Limits

a. An independent director shall be elected for a term of one (1) year and shall serve as an independent director of the Corporation for a maximum cumulative term of nine (9) years. For purposes of determining the maximum cumulative term, both continuous or consecutive service and intermittent service as an independent director shall be counted.

b. An independent director who, prior to reaching the maximum cumulative term, is elected as a non-independent director or officer of the Corporation may subsequently be elected again as an independent director only after a cooling-off period of two (2) years from ceasing to serve as such non-independent director or officer, provided that his/her cumulative service as an independent director has not reached the maximum cumulative term of nine (9) years.

c. Any fraction of a year exceeding six (6) months shall be considered as one (1) full year for purposes of computing the maximum cumulative term, regardless of the manner or reason by which the position as independent director was relinquished or vacated.

d. Upon serving the maximum cumulative term, an independent director shall be perpetually barred from re-election as an independent director of the Corporation, without prejudice to his/her eligibility to serve as a non-independent director or officer of the Corporation without any cooling-off period.

III. QUALIFICATIONS AND DISQUALIFICATIONS

3.01 Qualifications of Directors

a. In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code, and other relevant laws and regulations, the Board may provide for other qualifications for directorship which include, among others, the following:

(1) College education or sufficient experience in managing a business to substitute for such formal education; and

(2) Practical understanding of the business of COL.

b. The Board must ensure that all members remain qualified for their positions, both as individuals and as a collective group, to enable the Board to fulfill its roles and responsibilities and respond to the changing needs of the Corporation.

3.02 Disqualifications of Directors

a. *Permanent Disqualification.* The following are grounds for the permanent disqualification of a director:

(1) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:

(i) involves the purchase or sale of securities, as defined in the Securities Regulation Code;

(ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or

(iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.

(2) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from:

(i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;

(ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;

(iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) or (ii) above or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking, or suspending any registration, license, or permit issued to him under the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.

(3) 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.

(4) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced, or procured the violation of any provision of the Corporate Code, Securities Regulation Code, or any other law administered by the Commission or BSP, or any of its rule, regulation or order.

(5) Any person judicially declared as insolvent.

(6) 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 in sub-paragraphs (1) to (5) above.

(7) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code within five (5) years prior to the date of his election or appointment.

b. *Temporary Disqualification.* Temporary disqualification of a director shall be for any of the following reasons:

(1) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.

(2) 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 said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. The disqualification shall apply for purposes of succeeding election.

(3) Dismissal or termination for cause as director of any corporation covered by the Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

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

A director temporarily disqualified may take the appropriate action to remedy or correct the disqualification within sixty (60) business days from such disqualification. The disqualification shall then become permanent if he fails or refuses to do so for unjustified reasons.

c. *Disqualification of Independent Directors.* In addition to the above, an independent director may be disqualified if he:

(1) Is, or has been a senior officer or employee of the Company unless there has been a change in the controlling ownership;

(2) Is an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;

(3) Is an immediate relative[1] of a non-independent director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders;

(4) Is acting as a nominee or representative of any non-independent director of the Company or any of its related companies;

(5) Is retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, or is otherwise not independent of Management and not free from any business or other relationship within the three years immediately preceding the date of his election;

(6) Engages or has engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company 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; or

(7) Is affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders.

[1] For this purpose, immediate relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister.

An independent director disqualified under items (2), (5), (6), or (7) may take the appropriate action to remedy or correct the disqualification within sixty (60) business days from such disqualification. Except for item (2), and the above notwithstanding, the Board may, upon meritorious justification/s, waive the disqualification and retain said person as independent director.

IV. NOMINATION AND ELECTION POLICY

The Corporate Governance Committee shall observe the following process and criteria in receiving and evaluating nominations to the Board in line with the Corporation's strategic directions:

4.01 Nomination of Directors

a. Nomination of directors (including independent directors) shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting.

b. All nominations shall be made in writing and signed by the nominating stockholders and shall include the acceptance and conformity by the would-be nominees.

c. In the case of a first-time nominee-director, the Corporate Governance Committee shall verify compliance with applicable initial corporate governance training requirements prior to the nominee's first election

4.02 Final List of Candidates

a. The Corporate Governance Committee shall pre-screen the qualification and prepare a final list of all candidates.

b. The Corporate Governance Committee shall put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for director. Among others, the Committee shall consider the criteria below in its evaluation:

   i. ownership of at least one (1) share of stock of the Corporation standing in his name in the books of the Corporation;

   ii. a college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business;

iii. relevant qualification, such as previous business experience, membership in good standing in relevant industry, and membership in business or professional organizations;

iv. integrity, probity, diligence and assiduousness in the performance of his functions;

v. directorships in other companies, taking into account the nature of the business of the other companies, the number of directorships in other companies, and any possible conflict of interest;

vi. for independent directors, beneficial equity ownership in the Corporation which must not exceed two percent (2%), and

vii. the term limit set for independent directors under applicable laws, rules, and regulations.

The Corporate Governance Committee may consider and recommend to the Board other qualifications for directors, including independence criteria/standards for independent directors, which are aligned with the Corporation's vision, mission and corporate strategy that are now or may hereafter be provided in relevant laws or any amendments thereto.

c. The Corporate Governance Committee may likewise identify and recommend qualified individuals for nomination and election to the Board. For this purpose, the Corporate Governance Committee may use professional search firms or other external sources to search for qualified candidates to the Board.

d. In the case of a first-time nominee-director, the pre-screening process shall include verification of compliance with applicable initial corporate governance training requirements prior to his/her first election.

e. In the case of nominees for election as independent directors, the pre-screening process shall include verification of compliance with applicable independence requirements, term limits, cooling-off requirements, qualifications and disqualifications

f. After nomination, the Corporate Governance Committee shall prepare a Final List of Candidates which shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or in such other reports required by the Securities and Exchange Commission.

4.03 Vacancies in the Board

In case of vacancy in the Board other than removal of a director or expiration of term, the Corporate Governance Committee shall determine and identify the qualified nominee and recommend to the Board, if the remaining directors still constitute a quorum, to elect such qualified nominee to fill the vacancy.

V. ROLES AND RESPONSIBILITIES

5.01 The Chairperson

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

a. Preside at the meetings of the directors and the shareholders and ensure that the meeting agenda focuses on strategic matters;

b. Ensure that the meetings of the Board are held in accordance with the By-laws or as the Chairperson may deem necessary;

c. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the Directors;

d. Maintain qualitative and timely lines of communication and information between the Board and Management;

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

f. Exercise such powers and perform such duties as the Board of Directors may assign.

5.02 Responsibilities, Duties and Functions of the Board

a. *In General*

(1) The Board is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

(2) It is the Board's responsibility to foster the long-term success of the Corporation and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

(3) The Board shall formulate the Corporation's vision, mission, strategic objectives, policies, and procedures that shall guide its activities, including the means to effectively monitor Management's implementation and performance.

(4) The Board should always act on all matters on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders.

b. *Specific Duties and Functions of the Board*

To ensure a high standard of best practice for the Corporation, its stockholders, and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

(1) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies; appoint competent, professional, honest and highly-motivated management officers and craft an effective succession planning program for Management;

(2) 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;

(3) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures and establish programs that can sustain its long-term viability and strength;

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

(5) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation;

(6) Identify the Corporation's stakeholders and formulate a clear policy of accurate, timely, and effective communication with them;

(7) Ensure the integrity of the decision-making and reporting processes by adopting a system of check and balance within the Board and conducting a regular review of the effectiveness of such system and of the Corporation's internal control system;

(8) Identify and monitor key risk areas and performance indicators to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;

(9) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions and of interlocking director relationships by members of the Board;

(10) Constitute an Audit Committee and such other committees, as it deems necessary to assist the Board in the performance of its duties and responsibilities;

(11) Establish and maintain an alternative dispute resolution system in the Corporation;

(12) Meet at such times or frequency as may be needed;

(13) 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

(14) Appoint such officers as it may deem necessary and desirable to ensure the long term sustainability of the Corporation.

5.03 Specific Duties and Responsibilities of each Director

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

A director should observe the following norms of conduct:

a. *Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.* A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he

should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

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

b. *Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.* A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions and seek explanation.

c. *Act judiciously.* Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

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

e. *Have a working knowledge of the statutory and regulatory requirements that affect the Corporation.* This includes the articles of incorporation and by-laws of the Company, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

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

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

5.04 Internal Control Responsibilities of the Board

The control environment of the Corporation consists of the following:

a. A Board which ensures that the Corporation is properly and effectively managed and supervised.

b. A Management which actively manages and operates the Corporation in a sound and prudent manner.

c. The organizational and procedural controls supported by effective management information and risk management reporting systems.

d. An independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations, and contracts.

(1) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:

i. Definition of duties and responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;

ii. Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;

iii. Evaluation of proposed senior management appointments;

iv. Selection and appointment of qualified and competent management officers; and

v. Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

(2) The scope and particulars of the systems of effective organizational and operations should depend on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.

(3) The Corporation may establish an internal audit system that can reasonably assure the Board, Management, and stockholders that the Company's key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice in Internal Auditing.

5.05 The President

The President shall exercise the following functions:

a. Preside at the meetings of the Board of Directors and of the shareholders in the absence of the Chairman and Vice-Chairman;

b. Initiate and develop corporate objectives and policies and formulate long term projects, plans, and programs for the approval of the Board of Directors;

c. Supervise and manage the business affairs of the Corporation upon the direction of the Board of Directors;

d. Implement the administrative and operational policies of the Corporation under his supervision and control;

e. Appoint, remove, suspend, or discipline employees of the Corporation, prescribe their duties, and determine their salaries;

f. Oversee the preparation of the budgets and the statements of accounts of the Corporation;

g. Represent the Corporation at all functions and proceedings;

h. Execute, on behalf of the Corporation, all contracts, agreements, and other instruments affecting the interest of the Corporation which require Board approval;

i. Make reports to the Board of Directors and the stockholders;

j. Sign certificates of stock; and

k. Perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

5.06 The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the Corporation. As much as practicable, the Corporate Secretary shall be a separate individual from the Compliance Officer and preferably not a member of the Board. He has, among others, the following duties and responsibilities:

a. Record 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;

b. Keep 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;

c. Keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;

d. Ensure the giving and serving of all notices of the Corporation required by law or the Corporation's By-laws to be given;

e. Certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law, government rules and regulations;

f. Act as 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 the questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election;

g. Safekeep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation;

h. To the extent practicable, inform the directors of the agenda of meetings at least five (5) working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

i. Coordinate the preparation of the annual calendar of regular meetings of the Board, cause the same to be submitted to the Board for approval prior to the start of each financial year, and ensure the timely circulation of the approved calendar to all directors; and

j. Perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors, the President, or as may be required under applicable law or regulations.

5.07 The Compliance Officer

The Board shall appoint a Compliance Officer who shall report directly to the Chairperson of the Board. As much as practicable, the Compliance Officer should not be a member of the Board. He shall perform the following duties:

a. Ensure proper onboarding of new directors;

b. Monitor, review, evaluate, and ensure compliance by the Corporation, its officers, and directors with the Code of Corporate Governance and the rules and regulations of regulatory agencies;

c. Report any violations found to the Board and recommend the imposition of appropriate disciplinary action and the adoption of measures to prevent a repetition of the violation;

d. Ensure the integrity and accuracy of all documentary submissions to regulators;

e. Appear before the Commission when summoned in relation to compliance with the Code;

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

g. Identify possible areas of compliance based on issues and works toward resolution of the same;

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

i. Perform such other duties and responsibilities as may be provided by the Commission.

5.08 The Treasurer

The Treasurer of the Corporation shall have the following duties:

a. To keep full and accurate accounts of receipts and disbursements in the books of the Corporation;

b. To have custody of, and be responsible for, all the funds, securities, and bonds of the Corporation;

c. To deposit in the name and to the credit of the Corporation, in such banks as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the Corporation which may come under his control;

d. To render annual statements showing the financial condition of the Corporation and such other financial reports as the Board of Directors, or the President may, from time to time, require;

e. To prepare such financial reports, statements, certification, and other documents which may, from time to time, be required by government rules and regulations and submit the same to the proper government agencies; and

f. To exercise such powers and perform such duties and functions as may be assigned to him by the President.

5.09 The Chief Audit Executive

The Chief Audit Executive directly reports functionally to the Audit Committee and administratively to the President/ Chief Executive Officer. The following are the responsibilities of the Chief Audit Executive, among others:

a. Periodically review the internal audit charter and present to senior management and the Audit Committee for approval;

b. Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the Corporation's goals;

c. Communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;

d. Spearhead the performance of the internal audit activity to ensure it adds value to the Corporation;

e. Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and

f. Present findings and recommendations to the Audit Committee and give advice to senior management and the Board on how to improve internal processes.

5.10 The Chief Risk Officer

The Chief Risk Officer is the ultimate champion of enterprise risk management. His functions and responsibilities include, among others:

a. Supervise the entire enterprise risk management process and spearhead the development, implementation, maintenance and continuous improvement of enterprise risk management processes and documentation;

b. Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board;

c. Collaborate with the President/ Chief Executive Officer in updating and making recommendations to the Board;

d. Suggest enterprise risk management policies and related guidance, as may be needed; and

e. Provide insights on:

   i. Risk management processes are performing as intended;

   ii. Risk measures reported are continuously reviewed by risk owners for effectiveness; and

   iii. Established risk policies and procedures are being complied with.

VI. BOARD MEETINGS AND QUORUM REQUIREMENT

Prior to the start of each financial year, the Board shall formally approve the annual calendar of its regular meetings for the ensuing financial year. The approved calendar shall

be communicated to all directors in a timely manner. The schedule may be amended as circumstances may require, without prejudice to the calling of special meetings in accordance with the Corporation's By-Laws and applicable laws, rules and regulations.

The members of the Board should attend its regular and special meetings in person or through video- or tele- conferencing conducted in accordance with the rules and regulations of the Commission. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

Independent Directors should always attend Board meetings. To promote transparency, the Board may require the presence of at least one (1) independent director in all its meetings.

Attendance of the members of the Board shall be reported to the Commission through an advisement letter within five (5) days from the end of the company's fiscal year.[2]

VII. REMUNERATION OF DIRECTORS AND OFFICERS

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

COL shall establish a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the Corporation. No director should participate in deciding on his remuneration.

The Corporation's annual reports and information and proxy statements shall include a clear, concise, and understandable disclosure of all fixed and variable compensation that were paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

To protect the funds of the Corporation, the Commission may, in exceptional cases, e.g., when the Corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees, and fringe benefits to its directors and officers.

[2] Per SEC Memorandum Circular No. 1 series of 2014

VIII. BOARD COMMITTEES

To aid in complying with the principles of good corporate governance, the Board shall constitute the following Committees that shall focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

Each committee shall have its own Committee Charter containing their respective purposes, memberships, structures, operations, reporting processes, resources, and other relevant information.

8.01 Audit Committee

The Audit Committee shall consist of at least three (3) members who shall preferably have accounting and finance backgrounds. At least majority shall be independent directors. At least one (1) member shall have audit experience. The Chair of the Audit Committee shall be an independent director and preferably should not be the Chairperson of the Board nor of any other committee. The functions of the Audit Committee are the following:

a. Financial Reporting

i. Review the quarterly, half-year and annual financial statements before their submission to the Board with the particular focus on the following matters:

(1) Accounting policies and practices used and changes therefrom;

(2) Major judgmental areas;

(3) Significant adjustments resulting from the audit;

(4) Going concern assumptions;

(5) Compliance with accounting standards;

(6) Compliance with tax, legal and regulatory requirements; and

(7) Complex or unusual transactions.

ii. Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

iii. Review and approve, if warranted, the management representation letter before submission of the same to the external auditor.

b. Risk Management

i. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.

ii. Draft and review from time to time, and as may be necessary, the business continuity plan.

c. Internal Control

i. Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security.

ii. Review the effectiveness of the Corporation's internal control system, including information technology security and control.

d. Internal and External Audit

i. Perform oversight functions over the Corporation's internal and external auditors.

ii. Ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

iii. Review the reports submitted by the internal and external auditors.

iv. For internal audit:

(1) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it.

(2) Organize an internal audit system, and consider the appointment of an independent internal auditor and the qualifications, terms and conditions of his engagement, and removal.

(3) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities and ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties. The internal auditor shall functionally report directly to the Committee.

(4) Review the effectiveness of the internal audit function and compliance with the International Standards on the Professional Practice of Internal Auditing.

v. For external audit:

(1) Review the qualifications, performance, integrity, and independence of the external auditor.

(2) Exercise effective oversight to review and monitor the independence and objectivity of the external auditor.

(3) Select, appoint, reappoint, and remove external auditors as may be necessary, including the fixing of their remuneration for approval of the Board of Directors.

(4) Prior to the commencement of the audit, discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

(5) Evaluate, determine, and approve the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor 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, should be disclosed in the Corporation's annual report.

(6) Ensure that the external auditor or the lead partner having primary responsibility for the audit is rotated at least once every five (5) years.

(7) Evaluate performance of external auditor and compliance with auditing standards.

(8) On an annual basis, review the suitability and effectiveness of the external auditor.

(9) Conduct regular meetings and dialogues with the external audit team without any one from management present.

(10) Exercise effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.

(11) Ensure that the external auditor is credible, competent, has the ability to understand complex related party transactions, its counterparties, and the valuations of such transactions, and has adequate quality control procedures.

e. Related Party Transactions (RPT)

i. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, material RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.

ii. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with nonrelated 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:

(1) The related party's relationship to the Corporation and interest in the transaction;

(2) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;

(3) The benefits to the corporation of the proposed RPT;

(4) The availability of other sources of comparable products or services; and

(5) 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 Corporation should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

iii. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation'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.

iv. 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.

v. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.

vi. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

f. Compliance

i. Coordinate, monitor, and facilitate the Corporation's compliance with laws, rules, and regulations.

ii. Periodically evaluate the Corporation's compliance monitoring system and the results of management's investigation and follow-up (including disciplinary action) of instances of noncompliance.

iii. Monitor and evaluation of compliance with the Code of Conduct for management.

iv. Draft and review from time to time, and as may be necessary, the Corporation's whistle blowing policy.

v. Review the findings made by regulatory agencies and observations made by the Company's internal and external auditors.

vi. Obtain regular updates from management and legal counsel regarding compliance matters.

g. Other Responsibilities

i. Institute and oversee special investigations as may be needed in the reasonable discretion of the Committee. In connection with this, the Committee is empowered to:

(1) Appoint, compensate, and oversee the work of any registered public accounting firm engaged by the organization;

(2) Resolve any disagreements between management and the auditor regarding financial reporting;

(3) Pre-approve all auditing and non-audit services;

(4) Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation;

(5) Seek any information it requires from employees-all of whom are directed to cooperate with the Committee's requests-or external parties; and

(6) Meet with the Corporation's officers, external auditors, or outside counsel, as necessary.

ii. Participate in such training activities to keep Committee members updated of the necessary knowledge and expertise in order to discharge their responsibilities effectively.

iii. Review the Committee Charter from time to time and propose any amendments thereto to the Board for its approval.

iv. Perform other activities in relation to this Charter as may be requested by the Board from time to time.

(1) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.

(2) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.

(3) Perform oversight functions over the Corporation's internal and external auditors. It should ensure 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.

(4) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it.

(5) Prior to the commencement of the audit, discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

(6) Organize an internal audit system, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.

(7) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security.

(8) Review the reports submitted by the internal and external auditors.

(9) Review the quarterly, half-year, and annual financial statements before their submission to the Board with the particular focus on the following matters:

a) Any change/s in accounting policies and practices;

b) Major judgmental areas;

c) Significant adjustments resulting from the audit;

d) Going concern assumptions;

e) Compliance with accounting standards; and

f) Compliance with tax, legal and regulatory requirements.

(10) Coordinate, monitor, and facilitate compliance with laws, rules and regulations.

(11) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit 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, should be disclosed in the Corporation's annual report.

(12) Review the disposition of the recommendations in the external auditor's management letter.

(13) Recommend to the Board the appointment, reappointment, removal, and fees of the external auditor.

(14) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

(15) Ensure that the Internal Auditor shall be free from interference by outside parties in the performance of his work.

(16) Review all material related party transactions of the Corporation, in compliance with COL's related party transactions policy.

8.02 Corporate Governance Committee

The Corporate Governance Committee shall have at least three (3) members, one of whom should be an independent director. The Chairperson of the Corporate Governance Committee shall be an independent director. The members and the Chairperson shall be appointed by the Board. The Committee shall assist the Board in the performance of its corporate governance responsibilities, including matters relating to corporate governance, nomination, election and appointment of directors and officers, and such other responsibilities as may be assigned to it by the Board.

The responsibilities of the Corporate Governance Committee are as follows:

a. Corporate Governance

i. Oversee the implementation of the corporate governance framework and periodically review the 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.

ii. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conduct an annual self-evaluation of its performance.

iii. 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.

iv. Recommend the assignment of tasks or projects to Board committees and succession plans for Board members and senior officers.

v. Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance.

vi. Recommend, oversee, and periodically review appropriate corporate governance training programs for members of the Board and key officers.

vii. Oversee the implementation of the Corporation's policy on Board diversity and periodically review the composition of the Board to ensure an appropriate mix of competence, expertise, skills, and diversity consistent with the Corporation's strategic direction and applicable corporate governance standards.

viii. Oversee the implementation of the succession planning program for directors, key officers and management, including the periodic review of the qualifications, competencies, and development needs required for such positions, in accordance with the Corporation's Manual on Corporate Governance and applicable policies.

ix. Coordinate, where necessary, with the Remuneration Committee on governance matters that intersect with succession planning, Board and executive performance evaluation, or other matters within the respective mandates of the committees, without assuming the Remuneration Committee's authority over compensation and remuneration.

b. Election and Appointment of Board Directors and Officers

i. Review and oversee the structure, size, and composition of the Board and make recommendations to ensure compliance with applicable laws, rules, and regulations.

ii. Determine the nomination and election process for the Corporation's directors.

iii. Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval bearing in mind the needs of the Corporation and that appropriate knowledge, competencies and expertise that complement the existing skills of the Board.

iv. Assess the effectiveness of the Board's processes and procedures in the election, appointment, and replacement of Board directors and other officers and develop, update, and recommend to the Board policies for considering nominees for such positions.

v. Review succession plans for members of the Board.

vi. Define the general profile of Board members that the Corporation may need and ensure that the Board has an appropriate mix of knowledge, competencies, expertise, skills, and diversity that complement its existing composition and are aligned with the Corporation's strategic direction.

vii. In evaluating nominees and incumbent directors, consider their integrity and reputation, competence and relevant experience, independence of mind where applicable, ability to devote sufficient time to their responsibilities, potential conflicts of interest, and continuing compliance with the qualifications and disqualification standards under applicable laws, rules, regulations and the Corporation's Manual on Corporate Governance.

viii. Periodically monitor the continuing qualifications and, where applicable, cumulative tenure of directors, including compliance by independent directors with applicable independence and term-limit requirements, and recommend appropriate action to the Board where a director ceases to meet applicable qualification, independence, term-limit or other regulatory requirements.

ix. As part of the nomination, election and appointment process, verify, where applicable, compliance by first-time nominee-directors and executive officers vying for key positions with applicable initial corporate governance training requirements prior to their first election or appointment.

c. Other Responsibilities

i. Participate in such training activities to keep Committee members updated of the necessary knowledge and expertise in order to discharge their responsibilities effectively.

ii. Perform other activities in relation to the Committee Charter as may be requested by the Board from time to time.

iii. Review the Committee Charter from time to time and propose any amendments thereto to the Board for its approval.

8.03 Remuneration Committee

The Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director, to establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.

The powers, duties, and responsibilities of the Committee are as follows:

a. Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and key officers consistent with the Corporation's culture and strategy and the business environment which it operates.

b. Review the structure and competitiveness of the Corporation's executive officer compensation programs considering, among others, the attraction and retention of executive officers, motivation of executive officers to achieve the Corporation's key business objectives, and the alignment of the interests of executive officers with the long-term interests of the Corporation's shareholders.

c. Participate in such training activities to keep Committee members updated of the necessary knowledge and expertise in order to discharge their responsibilities effectively.

d. Perform other activities in relation to the Committee Charter as may be requested by the Board from time to time.

e. Review the Committee Charter from time to time and propose any amendments thereto to the Board for its approval.

IX. TRAINING AND DEVELOPMENT

A first-time nominee-director or executive officer vying for a key position shall undergo initial corporate governance training prior to his/her first election or appointment. Such initial training shall include, among others, SEC-mandated topics on corporate governance, and shall supplement, and be without prejudice to, the Corporation's onboarding program regarding the Corporation's business, Articles of Incorporation and other relevant policies and procedures.

Further, to ensure that directors are kept abreast of the developments in the business and regulatory environments, all directors shall, at least once a year, attend a relevant annual continuing training. The annual training program may include, among others, topics on corporate governance matters relevant to the Corporation including audit, internal controls, risk management, sustainability, and strategy. The Corporate Secretary, Compliance Officer, and other key officers of the Corporation shall likewise attend the annual training.

The Corporation shall ensure that its corporate governance training programs and related attendance, documentation, reporting and disclosure comply with applicable requirements of the Securities and Exchange Commission and other relevant regulatory authorities.

All costs for training shall be shouldered by the Corporation.

X. ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide the members of the Board with complete and timely information about matters to be taken in their meetings. The information may include the background or explanation on matters brought forth before the Board, disclosures, budgets, forecasts and internal financial documents.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

The member, either individually or as a Board, and in furtherance of his duties and responsibilities, should have access to independent professional advice at the Corporation's expense.

XI. ACCOUNTABILITY AND AUDIT

11.01 Accountability to Stockholders

The Board is primarily accountable to the stockholders. The Board shall provide them with a balanced and comprehensible assessment of the Corporation's performance, position, and prospects on a quarterly basis, including the interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law. Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

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

a. The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained.

b. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders.

c. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that

cover the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, effectiveness, and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations.

d. The Corporation should consistently comply with the financial reporting requirements of the Commission.

e. The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with said standards.

11.02 External Auditor

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 provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

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

If the external auditor believes that any statement made in the annual report, information statement, or any report filed with the Commission or any regulatory body

is incorrect or incomplete, he shall give his comments or views on the matter in said reports.

XII. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS

The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

(1) Right to vote on all matters that require their consent or approval.

(2) Pre-emptive right to all stock issuances of the Corporation.

(3) Right to inspect corporate books and records.

(4) Right to information.

(5) Right to dividends.

(6) Appraisal right.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend personally, they shall be apprised of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.

The Board shall promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meeting, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

The Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

XIII. GOVERNANCE SELF-RATING SYSTEM

The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Code.

The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Corporation's annual report.

XIV. DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The more transparent the internal workings of the Corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the Corporation or misappropriate its assets.

The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results, and business operations. Said policy shall require the Company to make a full, fair, accurate, and timely disclosure to the public of material information that could adversely affect the viability of the Corporation or the interests of its stockholders and other stakeholders. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

Relevant information may be disseminated using effective channels of communication identified by the Board, such as through the Company website.

The Board shall commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

In addition to the above, the Board should create a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance issues of its business, which underpin sustainability.

The reports or disclosure required to be submitted to the Commission shall be prepared by the responsible Committee or officer through the Corporation's Compliance Officer.

XV. RELATED PARTY TRANSACTIONS

Transactions between related parties must be based on terms similar to those offered to nonrelated parties. Related party transactions should be done in the normal conduct of operations and must be recorded in the same manner as transactions that are entered into with other parties.

All material related party transactions must be disclosed to the Audit Committee prior to execution of the same. All related party transactions must be disclosed in accordance with the relevant rules and issuances of the Commission and other regulatory bodies, as the same may be amended from time to time.

In case a transaction not previously tagged as a material related party transaction is subsequently identified as such, the Audit Committee shall review and if approved, ratify said transaction as soon as practicable. In case a member of the Audit Committee has an interest in the transaction being reviewed, his attendance may be counted in determining the quorum for the meeting. However, he is not allowed to vote for the approval/disapproval of the transaction.

In conducting its review, the Audit Committee may consider, among others, the following factors: (1) whether the terms are similar to those usually offered to nonrelated parties under similar circumstances; (2) the terms of the transaction, including the aggregate value and timing thereof; (3) the purpose of the transaction; and (4) other material information or criteria that the Audit Committee deems relevant.

XVI. ALTERNATIVE DISPUTE MECHANISM

It is the policy of the Company to resolve disputes or differences with stockholders, regulatory authorities and other third parties, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation or arbitration.

XVII. REGULAR REVIEW

Review of this Manual and compliance thereto shall be done in concurrence with the accomplishment of the annual corporate governance report[3] required to be submitted by the Commission.

[3] Per SEC Memorandum Circular No. 5 series of 2013 and SEC Memorandum Circular No. 1 series of 2014

APPROVED this 13th day of November 2026.

[redacted]

EDWARD K. LEE
Chairman of the Board

[redacted]

STEPHANIE FAYE B. REYES
Compliance Officer

GLOSSARY OF TERMS

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

2. **Close members of the family** refer to family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:
   a. that person's children and spouse or domestic partner;
   b. children of that person's spouse or domestic partner; and
   c. dependents of that person or that person's spouse or domestic partner.

3. **Control** refers to the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities while **Joint Control** is the contractually agreed sharing of control over an economic activity.

4. **Corporate Governance** refers to the framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government, and community in which it operates.

5. **Exchange** refers to The Philippine Stock Exchange, Inc.

6. **Executive Director** refers to a director who is also the head of a department or unit of the corporation or performs any work related to its operation.

7. **Independent Director** refers to a director 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.

8. **Internal audit** refers to an independent and objective assurance activity designed to add value to and improve the corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.

9. **Internal Auditor** refers to the highest position in the Corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

10. **Internal audit department** refers to a department or unit of the corporation and its consultants, if any, that provides independent and objective assurance services in order to add value to and improve the corporation's operations.

11. **Internal control** refers to the system established by the Board of Directors and Management for the accomplishment of the Corporation's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules.

12. **Internal control system** refers to the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed.

13. **Key management personnel** refers to persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

14. **Management** refers to the Management of COL Financial Group, Inc.

15. **Material Related Party Transaction** refers to Related Party Transactions which do not fall under the exceptions under the Related Party Transactions policy of the Corporation and which meet the threshold approved by the Audit Committee from time to time.

16. **Non-audit work** refers to the other services offered by an external auditor to the corporation that are not directly related and relevant to its statutory audit functions, such as accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor.

17. **Non-executive Director** refers to a director who is not the head of a department or unit of the corporation nor performs any work related to its operation.

18. **Related Party** refers to a person or entity that is related to the Company under the following guidelines:
    a. A person or a close member of that person's family is related to the Company if that person:
        i. has control or joint control over the Company;
        ii. has significant influence over the Company; or
        iii. is a member of the key management personnel of the Company or of a parent of the Company.
    b. An entity is related to the Company if any of the following conditions applies:

i. The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
iii. Both entities are joint ventures of the same third party;
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
v. The entity is a post-employment defined benefit plan for the benefit of employees of either the Company or an entity related to the Company;
vi. The entity is controlled or jointly controlled by a person identified in (a);
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

19. **Related Party Transaction** refers to a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

20. **Significant influence** refers to the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.