



CHARTER OF THE BOARD OF DIRECTORS

I. Purpose

The Board shall be primarily responsible for the institution of and compliance with the principles of good corporate governance. 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. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities to ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders.

II. Membership

The Board of Directors shall be composed of such number of Directors as provided in the Articles of Incorporation, duly elected by the stockholders entitled to vote in accordance with the By-Laws, the Corporation Code and the Securities Regulation Code.

The Board shall have at least three (3) independent directors or such number as to constitute one-third (1/3) of the Board, whichever is higher, qualified as such in accordance with the relevant provisions of the Securities Regulation Code and other regulations of the Securities and Exchange Commission.

III. Policies Relating to the Board

a. Board Diversity Policy

The Company shall promote and observe a policy on diversity in the composition of its Board of Directors.

Diversity in age, gender, ethnicity, experience, field expertise, and personal qualities shall be considered by the Board as it installs a process of selection to ensure a mix of competent directors and key officers.

b. Policy on Multiple Board Seats

A director shall exercise due discretion in accepting and holding directorships outside of the Company. A director may hold directorships outside of the Corporation provided that these positions do not detract from the director's capacity to diligently perform his duties as a director of the Corporation.

However, as a matter of policy, the Non-Executive members of the Board of Directors should concurrently serve as directors only to a maximum of five (5) publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company.

c. Term Limits for Independent Directors

The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years, after which, the Independent Director shall be perpetually barred from re-election as such in the Company. He may, however, continue to qualify for nomination and election as a non-independent director.

In instances where the Company will want to retain an Independent Director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual meeting of the Company's shareholders.

d. Access to Information

To enable the Board to properly fulfill their duties and responsibilities, Management should provide directors with complete and timely information about the matters in the agenda of the meetings. Directors should be given independent access to management and the Corporate Secretary, as well as to independent professional advice.

IV. The Chairman of the Board of Directors

The Board should be headed by a competent and qualified Chairman.

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

- a. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman shall deem necessary;
- b. Supervise the preparation of the agenda of each meeting of the Board, the Shareholders, and any of the committees of the Board with the Corporate Secretary, taking into account the suggestions of the President and CEO, Management, and the other directors;
- c. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.
- d. Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect the business operations of the Company;
- e. Maintain qualitative and timely lines of communication and information between the Board and Management;
- f. Facilitate discussion on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- g. Ensure that the Board sufficiently inquires on reports submitted and representations made by Management;
- h. Assure the availability of proper orientation for first-time directors and continuing

training opportunities for all directors; and

- i. Make sure that performance of the Board is evaluated at least once a year and discussed or followed up on.

To the extent that the operations of the Company shall allow, the roles of the Chairman and the Chief Executive Officer shall be separate to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and the Chief Executive Officer upon their election.

V. Meetings

- a. The directors should attend and actively participate in all meetings of the Board in person or through tele-/video-conferencing conducted in accordance with the rules and regulations of the Securities and Exchange Commission; except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.
- b. The Board may, to promote transparency, require the presence of at least one (1) Independent Director in all of its meetings. However, the absence of an Independent Director shall not affect the quorum requirements if he is duly notified of the meeting but, notwithstanding such notice, fails to attend.
- c. The Board of Directors shall meet at least six (6) times a year. Board meetings shall, as far as practicable, be scheduled in advance before the start of the year.
- d. Items to be discussed during the board meeting shall be made available to each director at least five (5) days in advance. In emergency circumstances, however, the meeting may be called on a shorter notice.
- e. Non-executive Directors, headed by the Lead Independent Director, shall meet periodically with the External Auditor and the Head of Internal Audit, without the presence of Executive Directors and key officers.

VI. Authority and Responsibilities of the Board of Directors

To ensure a high standard of best practice for the Company, and to promote and protect the interest of the Company, its stockholders and its stakeholders, the Board shall conduct itself with honesty and integrity in the performance, among others, the following duties and responsibilities:

- a. Install a process of selection to ensure a mix of competent directors and officers, regardless of age, gender, race and religion.
- b. Be responsible to the shareholders for the good standing of the Company, the management of its assets for optimum performance and the strategy for its future development.
- c. Set the strategic objectives of the Company, establish the Company's vision and

- mission, determine investment policy, agree on performance criteria and delegate to management the detailed planning and implementation of that policy, in accordance with appropriate risk parameters.
- d. Be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks.
 - e. Monitor compliance with policies, and achievement against objectives, by holding management accountable for its activity through the measurement and control of operations by regular reports to the Board, including monthly performance reporting and budget updates. The Board shall establish an effective performance management framework that will ensure that the performance of Management and personnel is at par with the standards set by the Board and senior management.
 - f. Define the Company's policy on disclosing non-financial information, with emphasis on the management of economic, environmental, social and governance issues of the Company's business. The Board shall consider the adoption of globally recognized standards/frameworks in reporting non-financial and sustainability issues.
 - g. Ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, and conduct itself with honesty and integrity in the performance of its duties and responsibilities.
 - h. Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them. For purposes of maintaining open lines of communication with its various stakeholders, the Corporate Secretary and/or the Investor Relations Officer are designated as stakeholder engagement touchpoints through whom the stakeholders may course their concerns. The Company shall ensure that there is sufficient dialogue between the Company and the stakeholders in the community in which the Company operates, especially on concerns pertaining to sustainability.

The Company shall conduct regular media and analysts' briefings to ensure the timely and accurate dissemination of public, material, and relevant information to its shareholders and other investors.

- i. Be responsible for approving the appointment of key officers and assessing the performance of Management. The Board shall monitor and assess the performance of the Management based on established performance standards consistent with the Company's strategic objectives, and conduct a regular review of the Company's policies with the Management. In the selection process, fit and proper standards are to be applied on key personnel and due consideration shall be given to integrity, technical expertise and experience in the institution's business, either current or planned. Key personnel shall include, but not be limited to, the Chief Executive Officer, the Chief Risk Officer, the Chief Compliance Officer, Chief Audit Officer, and/or their functional equivalents.
- j. Align the remuneration of key officers and board members with the long-term

interests of the Company. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance.

The following, among others, can be taken into consideration in determining proper compensation for key officers and board members:

- i. that the level of remuneration is commensurate to the responsibilities of the role;
 - ii. that the remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.
- k. Ensure and adopt an effective succession planning program for directors, key officers and Management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company.
- l. Setting in place clear rules for standards of ethical and professional behavior. The Board shall adopt therefor a Code of Business Conduct and Ethics which would set such standards, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the Company. The Company Code of Business Conduct and Ethics, and any amendments thereto, should be properly disseminated to the Board, Management and employees and posted in the company website. The Board shall ensure proper implementation and monitor compliance with the Company Code of Business Conduct and Ethics. The Code should include, among others, the anti-corruption policies of the Company.
- m. Ensure that the Company's transactions occur at market prices, at arm's-length basis and under conditions that protect the rights of all shareholders. The Board shall also be responsible for ensuring that the Company has a clear policy and system governing related party transaction (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The Board shall, as soon as practicable, set in place guidelines for the RPTs of the Company, which guidelines shall contain: (1) the definition of related parties, (2) the coverage of the RPT policy, (3) guidelines in ensuring arm's-length terms, (4) identification and prevention/management of potential or actual conflicts of interest which arise, (5) adoption of materiality thresholds, (6) internal limits for individual and aggregate exposures, (7) whistle-blowing mechanisms, and (8) restitution of losses and other remedies for abusive RPTs. The Board shall also set in place the mechanism for ratification by shareholders of material RPTs approved by the Board, in accordance with existing laws. The material RPTs shall be reviewed and approved during the year by both the Board and the stockholders, as well as disclosed in the Annual Corporate Governance Report.
- n. Adopt a system of internal checks and balances.
- o. Identify and monitor with due diligence key risk areas and key performance indicators, and manage the same especially those categorized as having high impact with high probability of occurrence.

- p. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of management, board members, and shareholders. The Board shall also approve the Internal Audit Charter.
- q. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted.
- r. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.
- s. Establish and maintain an alternative dispute resolution system to settle conflicts between the Corporation and its stockholders or other third parties, including regulatory authorities.
- t. 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 Chief Executive Officer are held by one person.

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

- i. Serves as an intermediary between the Chairman and the other directors when necessary;
- ii. Convenes and chairs meetings of the non-executive directors; and
- iii. Contributes to the performance evaluation of the Chairman, as required.

VII. Duties and Responsibilities of Directors

To ensure a high standard of best practice for the Company, its stockholders and other stakeholders, the members of the Board of Directors shall conduct themselves with honesty and integrity in the performance of, among others, the following specific duties and responsibilities:

- a. To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions. He shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality, and should an actual or potential conflict of interest should arise, he should fully and immediately disclose the same and should not participate in the decision-making process.

A conflict of interest situation arises when the director's personal or business interest is antagonistic to that of the Company, or that he stands to acquire or gain financial advantage at the expense of the Company.

All dealings involving the Company's shares shall be disclosed/reported to the Company within three (3) business days from the date of the transaction.

Attached as Annex "A-1" is the Company's Conflict of Interest Policy.

- b. To devote time and attention necessary to properly discharge his duties and responsibilities. He should devote sufficient time to familiarize himself with the

Company's business. He should be constantly aware of, and knowledgeable with, the Company'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 or seek explanation. The non-executive directors of the Board should concurrently serve as directors to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management proposals/views, and oversee the long-term strategy of the Company. Before accepting a directorship in another Company, a director should notify the Board where he is an incumbent director.

- c. To act judiciously. He shall evaluate the issues, ask questions and seek clarifications necessary before deciding on any matter brought before the Board.
- d. To exercise independent judgment. He shall view each problem or situation objectively. Should a disagreement with other directors arise, he should carefully evaluate and explain his position. He should not be afraid to take unpopular positions if he thinks such ideas are beneficial to the Company.
- e. To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its articles of incorporation and by-laws, the requirements of the SEC, and, where applicable, the requirements of other regulatory agencies. He shall also keep himself informed of industry developments and business trends in order to safeguard the Company's competitiveness.
- f. To observe confidentiality. He should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He shall not disclose any information to any other person without the authority of the Board or the Executive Committee.

Attached as Annex "A-2" is the Company's Insider Trading Policy.

- g. To ensure the continuing soundness, effectiveness and adequacy of the Company's internal control environment.
- h. Attend before assumption of office and annually thereafter a seminar on corporate governance conducted by a duly recognized private or government institute.

Preferably, the orientation program for first-time directors shall be for at least eight (8) hours, while the annual continuing training shall be for at least four (4) hours.

VII. Outside Advisors

The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions. The Committee shall have sole authority to approve related fees and retention items. The Company will provide appropriate funding, as determined by the Committee, for Compensation to any such outside advisors engaged by the Committee.

VIII. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

ANNEX “A-1”

POLICY ON CONFLICT OF INTEREST

The Company shall ensure that all its transactions are fair and transparent, and do not benefit a particular group or individual at the expense of public investors or minority shareholders.

General Policy - Directors, officers and employees of the Company shall promote primarily the interest of the Company and the common interest of all shareholders. No director, officer or employee shall use his position to profit or gain some benefit or advantage for himself and/or his related interests.

1. The Company’s Manual on Corporate Governance provides that a director shall have the duty to conduct fair business transactions with the Corporation and to ensure that personal interest does not (bias Board decisions) conflict with the interests of the Corporation. It is provided further that the basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A conflict of interest shall be considered material if the director’s personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

2. The duty to avoid and disclose actual and potential conflict of interest as outlined above is also expected from other officers and employees.

3. The Audit Committee shall also determine and resolve any possible conflict of interest between the Company and/or its group and their directors, officers and major shareholders. The Audit Committee, together with the Company’s engaged External Auditor, may review the identified related party transactions. The Company may further engage third-party institutions to evaluate the fairness of major related party transactions.

A conflict of interest exists when a director or officer of the Corporation:

- a. Supplies or is applying to supply goods or services to the Corporation;
- b. Supplies or is applying to supply goods, services or information to an entity in competition with the business of the Corporation;
- c. By taking advantage of his office or by virtue of his office, acquires or attempts to acquire for himself a business opportunity properly pertaining to the Corporation;
- d. Is offered or actually receives compensation or consideration for delivering a business opportunity pertaining to the Corporation to a third party; or
- e. Is engaged or attempts to engage in a business or activity which competes with or works against the interests of the Corporation.

If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision-making of the Board. A director who has a continuing conflict of interest of a significant nature should either resign or, if the Board deems appropriate, be removed from the Board.

A contract of the Corporation with one or more of its directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:

1. The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
2. The vote of such director was not necessary for the approval of the contract;
3. The contract is fair and reasonable under the prevailing circumstances;
4. In case of an officer, the contract has been previously approved by the Board of Directors.

Where any of the first two conditions set forth in the preceding paragraph is absent, in the case of a contract with a director, such contract may be ratified by the vote of stockholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; *Provided*, that full disclosure of the adverse interest of the director involved is made at such meeting; and provided further that the contract is fair and reasonable under the circumstances.

Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the director must account to the Corporation for all such profits by refunding the same, unless his act has been ratified by a vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation.

EMPLOYEES

Employees should avoid situations of conflicts of interest or impropriety. As a general rule, they may not engage in business with a competitor, customer or supplier of the Corporation or any of the subsidiaries or affiliates of the Corporation without the prior approval of the Chief Executive Officer.

- a. Employees engaged in enterprises not involving the Corporation shall fully disclose the extent of their involvement/engagement in such enterprises to the head of Human Resources.
- b. Employees who hold influence over the Corporation's business decisions may not hold any financial interest in business enterprises (1) that are considered competitors, suppliers, or customers of the Corporation, or (2) that deal with the Corporation, and the particular employee concerned is the one dealing with such enterprise on behalf of the Corporation. This prohibition shall apply to the employees' relatives up to the second degree of consanguinity or affinity.

Employees shall not use the Corporation's resources, including facilities, materials, etc., for personal purposes or for the benefit of third parties.

Employees shall not disclose or use confidential information obtained by reason of his employment to third parties, whether for profit or otherwise.

Employees shall report to their supervisor any offer or gift given to them to get favors or to influence business decisions involving the Corporation.

Should a conflict of interest situation develop, the employee concerned shall disclose the facts to his/her supervisor as soon as practicable.

INSIDER TRADING POLICY

All directors, officers, and employees of **Pacific Online Systems Corporation** (the "Company" or "LOTO") are mandated to strictly observe and maintain the confidentiality of all material non-public information that they may acquire or learn by reason of their position. Thus, said directors, officers, and employees are prohibited (i) from trading (buying and selling) the Company's securities based on this inside information or (ii) from tipping or passing such inside information to someone who may use such information to trade the securities of the Company, during prescribed trading blackout periods.

I. Purpose

The purpose of the Insider Trading Policy is to apprise and ensure compliance by all members of the Board of Directors, officers, and employees of the Company of their obligations under the applicable securities laws and regulations of the Securities and Exchange Commission (SEC) as well as the Philippine Stock Exchange's (PSE) Black-Out Rule.

Aside from complying with the law against insider trading as part of SEC and PSE regulations, the Company adopted this policy in keeping with the trend on sound corporate governance practices and supporting the integrity of capital market based on the principle of "equal opportunity based on equal access to information".

II. Definition of Terms

"Black-Out Period" is a period during which directors, officers, and other covered individuals are prohibited from dealing, which includes purchasing, selling or otherwise acquiring or transferring the securities of a listed entity, before and after the material non-public information has been released to the public.

"Material Non-Public Information" refers to information which has not been generally disclosed to the public and (i) would likely affect the market price of a listed security after being disseminated to the public and the lapse of a reasonable time for the market to absorb the information, or (ii) would be considered by a reasonable person important under the circumstances in determining his course of action whether to buy, sell or hold a listed security.

An information is **"material"** if it relates to the business and affairs of a listed company that results in, or would reasonably be expected to result in, a significant change in the market price or value of said listed company's securities; or that would be reasonably expected to have a significant influence on a reasonable investor's investment decisions.

"Securities" shall refer to common and preferred shares, if any as well as debt securities like bonds and notes. These may also include securities that are convertible or exchangeable into shares of the company and derivative instruments, agreements or securities (whether or not issued by the company), the market price, value or payment materially referenced to or materially based on a security of the company obligations of which are materially derived from.

“**Tipping**” refers to divulging or supplying any material non-public information to anyone who might have the intention to use the same in trading a listed company’s shares to their personal advantage.

III. Prohibition Against Insider Trading

All directors, officers, and employees of the Company are prohibited from trading or dealing LOTO shares while in possession of Material Non-Public Information, and from passing such information to any person who might use such information to trade LOTO shares for personal financial gain.

Everyone should exercise prudence in evaluating whether the non-public information he possesses is material or not. Any doubt should be resolved in favor of treating such non-public information as material.

The prohibition covers from the time of the acquisition of such material non-public information and until two (2) full trading days after such information has been made public.

In order to prevent Company insiders from taking unfair advantage over the Material Non-Public Information, directors, officers, and employees are, restricted from trading LOTO shares on the following prescribed periods:

- a) At least five (5) trading days before, and two (2) full trading days after, the submission of Annual Report (SEC 17-A) and Quarterly Report (SEC 17-Q).
- b) At least two (2) full trading days from the time a material non-public information is obtained up to two (2) full trading days after dissemination of the information to the general public other than item (a) above.

The Compliance Officer may declare a special trading blackout from time to time as he may deem proper.

The persons covered by this Insider Trading Policy are as follows:

- all members of the Board of Directors;
- all key officers of the Company who are or may be in possession of Material Non-Public Information about the Company on account of their respective positions.

For purposes of this Insider Trading Policy, the “key officers” of the Company shall include all members of the Management Team wherever they are assigned or seconded to the Company’s subsidiaries, including, but not limited to:

- consultants and advisers of the Company;
- all confidential secretaries;
- all other employees who are made aware of undisclosed material information from time to time until such information has been publicly disclosed; and,
- members of the immediate families of key officers and covered persons mentioned above.

IV. Reportorial Requirements

The directors and principal executive officers of the Company, like all other listed companies, are required under the Securities Regulation Code and the implementing rules and regulations issued by the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange

(PSE) to report their direct and indirect beneficial ownership of LOTO securities as well as any change in such beneficial ownership.

SRC Rule 23 of the Securities Regulation Code requires directors and officers of reporting and public companies to submit SEC Form 23-A (Initial Beneficial Ownership Report) on their election or appointment of its beneficial ownership on its Issuer's securities and SEC Form 23-B (Changes in Beneficial Ownership Report) on any change in such beneficial ownership. PSE Revised Disclosure Rules also requires the said directors and officers to submit a report to comply with Section 13 (Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities) and Section 17.5 (Reports on Beneficial Ownership) of the said disclosure rules.

To ensure that such reportorial requirements are timely complied with, directors and key officers must inform the Corporate Secretary and Compliance Officer of their direct and indirect beneficial ownership in LOTO securities not later than a day after their election or appointment. Likewise, they shall be required to advise the same officers through email or facsimile the details (transaction type, no. of shares, unit price, and transaction date) of all their transactions (acquisition, disposal and lodgment) involving LOTO securities the day after the transaction date.

For purposes of the reportorial requirements of the SEC and PSE, a director's or an officer's beneficial ownership of LOTO securities shall include not only LOTO securities which he directly owns but also LOTO securities which are:

- (i) held by members of his immediate family sharing the same household
- (ii) held by a partnership in which he is a general partner
- (iii) held by a corporation of which he is the controlling shareholder
- (iv) subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities

A director or an officer is directly and indirectly the beneficial owner of any equity security with respect to which he has or shares:

- (a) voting power which includes the power to vote or to direct the voting of such security and/or
- (b) investment power which includes the power to dispose of, or to direct the disposition of, such security.

V. Monitoring and Compliance

Violation or non-compliance with this Insider Trading Policy may result to disciplinary action without prejudice to any criminal and civil liabilities which the Company or regulators may file for violation of existing laws.

Violation of such securities laws could expose directors, officers and employees to personal liability or other penalties.

Penalties or fines may likewise be imposed by the regulators for the late filing of SEC Form 23-A (Initial Beneficial Ownership Report) and SEC Form 23-B (Changes in Beneficial Ownership Report) of the directors and officers based on Rule 23 of the Securities Regulation Code as well as the requirement of Section 13 (Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities) and Section 17.5 (Reports on Beneficial Ownership) of PSE Revised Disclosure Rules.

If it appears that a director, officer and employee may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities for investigation and appropriate action.

Strict observance of these guidelines is therefore enjoined. For any clarifications about the enforcement of the policy, directors, officers and employees may covered may contact the Compliance Officer.

Grievance Procedure

The internal Company procedure on handling administrative cases shall be followed, as deemed practicable, for determining violations and providing due process to the employees concerned.

The Compliance Officer shall be responsible for determining violations committed by any employee through notice and hearing and shall recommend to the President the penalty for such violation. For cases involving a director or officer, the penalty to be imposed shall be for imposed by the Board. If a director and/or officer is found to be in violation of this Insider Trading Policy and/or other securities laws, the Compliance Officer shall recommend to the Chairman of the Board, for further review and approval of the Board, the penalty for such violation depending on the gravity of the offense which can either be reprimand, suspension or removal from office.

VI. Policy Review

The adequacy of this Insider Trading Policy shall be regularly assessed and presented for consideration by the Board of Directors. Any provision may be amended and shall be effective upon due notice given to directors, officers and employees of the Company.