



V I T A R I C H

May 29, 2017

SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills
Mandaluyong City

Attention: **ATTY. JUSTINA F. CALLANGAN**

Director, Corporate Governance and Finance Department

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**

Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **MR. JOSE VALERIANO B. ZUÑO III**

OIC-Head, Disclosure Department

Gentlemen:

Please be informed that the Company filed with the Securities and Exchange Commission on May 29, 2017 its Amended Manual on Corporate Governance, signed by the Chairman of the Board.

Very truly yours,

VITARICH CORPORATION

By:

ATTY. MARY CHRISTINE DABU-PEPITO

Asst. Corporate Secretary/ Compliance Officer/
Corporate Information Officer

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Atty. Mary Christine Dabu-Pepito

Contact Person

843-30-33 connecting all dept.

843-30-33 connecting all dept.

Company Telephone Number

Amended Manual on
Corporate Governance

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Month Day

Fiscal Year

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Form Type

**Last Friday of
June**

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Month

Day

Secondary License Type. If Applicable

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Dept. Requiring this Doc.

Amended Articles Number / Section

11

Total No. of Stockholders

Total Amount of Borrowings

[illegible]

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

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Cashier

STAMPS

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AMENDED
MANUAL ON CORPORATE GOVERNANCE
VITARICH CORPORATION
(Approved by the Board of Directors on May 25, 2017)

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

The Board of Directors and Management, i.e. officers and staff, of Vitarich Corporation hereby commit themselves to the principles and best practices contained in this Manual.

I. OBJECTIVES

- A. In line with the objective of the *Code of Corporate Governance for Publicly-Listed Companies*, this Manual likewise aims to raise the corporate governance standards of Vitarich Corporation to a level at par with its regional and global counterparts.
- B. This Manual shall institutionalize the principles of good corporate governance in the entire organization.
- C. This Manual shall provide a guide to Vitarich Corporation to attain its corporate goals.
- D. This Manual also aims to maximize Vitarich Corporation's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

II. DEFINITION OF TERMS

- A. Board of Directors ("Board") – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties. As used in this Manual, it also refers to the Board of Directors of Vitarich Corporation.
- B. Conglomerate – a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.
- C. Corporate Governance – system of stewardship and control to guide the corporation in fulfilling their long-term economic, moral, legal and social obligation towards their stakeholders. It is also a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

- D. Corporation – refers to “Vitarich Corporation”
- E. Enterprise Risk Management – a process, effected by an entity’s Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify the potential events that may affect the entity, manage risks to be within its risk appetite and provide reasonable assurance regarding the achievement of the Corporation’s objectives.
- F. Executive Director – a director who has executive responsibility of day-to-day operations of a part or the whole of the Corporation.
- G. Independent Director – a person who is independent of management and the controlling shareholder and is free from any business or other relationship which could or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
- H. Internal Control – a process designed and effected by the Board of Directors, senior management and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations, reliable, complete and timely financial and management information and compliance with applicable laws, regulations and the organization’s policies and procedures.
- I. Management – a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.
- J. Non-executive Director – a director who has no executive responsibility and does not perform any work related to the operations of the Corporation.
- K. Related Party – covers: (a) subsidiaries of the Corporation; (b) affiliates of the Corporation; (c) any party (including their subsidiaries, affiliates and special purpose entities) that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; (d) the Corporation’s directors, officers, shareholders and related interests (DOSRI) and their close family members as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Corporation.
- L. Related Party Transactions – a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
- M. Stakeholders – an individual, organization or society at large who can either affect and/or be affected by the Corporation’s strategies, policies, business decisions and operations in general. This includes, among others, customers,

creditors, employees, suppliers, investors as well as government and community in which it operates.

III. THE BOARD'S GOVERNANCE RESPONSIBILITIES

A. Composition of the Board of Directors

- The Corporation shall be headed by a competent, working board to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.
- 1. The Board shall be composed of directors with a collective working knowledge on the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission and, where applicable, the requirements of other regulatory agencies, as well as collective working knowledge, experience or expertise that is relevant to the Corporation's business.
- 2. The Board shall have an appropriate mix of competence and expertise that its members remain qualified for their positions individually and collectively.
- 3. Majority of the members of the Board shall be non-executive directors who possess the necessary qualifications.
- 4. Membership to the Board shall be open to all competent individuals possessing all the qualifications set forth herein or in the By-Laws and none of the disqualifications listed herein or in the By-Laws regardless of gender, age, ethnicity, religion, and culture.
- 5. The Board shall have at least two (2) independent directors.
- 6. The positions of Chairman of the Board and Chief Executive Officer should be held by separate individuals.

B. Qualifications, Disqualifications and Responsibilities of Directors

B.1. Qualifications

- He/she shall be a holder of at least one (1) share of stock of the Corporation.
- He/she shall be at least a college graduate, or have sufficient experience in managing the business to substitute for such formal education.
- He/she shall be at least twenty one (21) years old.
- He/she shall be assiduous, of good moral character and have been proven to possess integrity and probity.

B.2. Permanent Disqualifications

- Conviction by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment advisor, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his/her fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them.
- Enjoined permanently by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas ("BSP") or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.
- (a) Denial, revocation, or suspension by the SEC, BSP or any court or administrative body of any registration, license, or permit issued to him/her under the Corporation Code, Securities Regulation Code, or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP; (b) Being restrained to engage in any activity involving securities and banking; or (c) Suspension or expulsion by an effective order of a self-regulatory organization from membership, participation or association with a member or participant of the organization.
- Conviction 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 or transgressions.
- Being adjudged by final judgment or order of the SEC, BSP, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law, rule, regulation, or order administered by the SEC or BSP;
- Judicial declaration of insolvency.
- Conviction 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 listed in the foregoing paragraphs.
- Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

- Other grounds as the SEC may provide.
- In the case of an independent director, if he becomes an officer or employee of the same Corporation.

B.3. Temporary Disqualifications

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.
- Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency, unless such absence is due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election.
- Dismissal/termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. This disqualification shall be in effect until he/she has cleared himself of any involvement in the cause that gave rise to his/her dismissal or termination.
- Being under preventive suspension by the Corporation.
- If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as independent director is lifted if the limit is later complied with.
- Conviction that has not yet become final referred to in the grounds for the permanent disqualification of directors.

B.4. Duties and Responsibilities of a Director

- Directors elected for the first time shall attend an orientation program designed to introduce to them basic knowledge on the Corporation in general as well as the business of the Corporation.
- Attend relevant annual continuing training for all directors and all other seminars and trainings required by law or regulations. The annual continuing training program involves courses on corporate governance matters relevant to the Corporation, including audit, internal controls, risk management, sustainability, and strategy.
- Devote time and attention necessary to properly and effectively perform his/her duties and responsibilities, including sufficient time to be familiar with the Corporation's business, and attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-

/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as illness, death in the immediate family, and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

- The non-executive directors may concurrently serve as directors to a maximum of five (5) publicly listed companies.
- Notify the Board where he/she is an incumbent director before accepting a directorship in another company.
- Conduct fair business transactions with the Corporation, ensure that personal interest does not bias Board decisions, and abstain from taking part in the deliberations of a transaction if he/she has material interest in the transaction.
- Act judiciously and exercise independent judgment.
- Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.
- Observe confidentiality and ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

B.5. Independent Director

- In addition to the aforementioned qualifications and disqualifications, an independent director is a person who, ideally:
 - Is not an owner of more than two (2%) percent of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates, or related companies.
 - Is not, or has not been, a senior officer or employee of the covered company, unless there has been a change in the controlling ownership of the Corporation, nor is he/she acting as a nominee or representative of any director of the Corporation, or any of its related companies.
 - Is not a relative of a director, officer, or substantial shareholder of the Corporation, or any of its related companies, or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother, or sister.
 - Is not a securities broker-dealer of listed companies and registered issuers of securities. A securities broker-dealer is a person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal, stockholder, nominee of the firm to the

Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer.

- Does not engage or has not engaged, whether by himself or with other persons, or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Corporation, 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.
 - Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; neither is he/she employed as an executive officer of another company where any of the Corporation's executives serve as directors.
 - Is not, and has not been in the three years immediately preceding the election: (a) a director of the Corporation; (b) a director, officer, employee of the Corporation's subsidiaries, associates, affiliates, or related companies; (c) a director, officer, employee of the covered Corporation's substantial shareholders and its related Corporations; (d) appointed in the Corporation, its subsidiaries, associates, affiliates, or related companies as Chairman "Emeritus", "Ex-Officio" Director/Officer or member of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities; (e) retained, either in his personal capacity or through a firm, as a professional advisor, auditor, consultant, agent, or counsel of the Corporation, any of its related companies or substantial shareholder.
- The independent directors may serve for a maximum cumulative term of nine (9) years reckoning from 2012. An independent director who has served for 9 cumulative years shall no longer be re-elected as an independent director of the Corporation, but may continue to qualify for nomination and election as a non-independent director.
- In case the Corporation wants to retain an independent director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

C. Duties and Responsibilities of the Board

C.1. General Responsibility

- 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*.

C.2. Specific Duties and Functions

c.2.1. Install a process of selection to ensure a mix of competent directors and officers.

c.2.2. Determine the Corporation's purpose, vision and mission as well as strategies to carry out its objectives and oversee the development of and approve the Corporation's business objectives and strategies and monitor their implementation.

c.2.3. Ensure that the Corporation complies with all relevant laws, regulations and codes on best business practices and that Board authority is within the powers of the Corporation as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.

c.2.4. 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.

c.2.5. Adopt a system of internal checks and balances and oversee that an appropriate internal control system is in place.

c.2.6. Oversee that a sound enterprise risk management framework is in place, identify key risk areas and key performance indicators, and monitor and assess these factors with due diligence.

c.2.7. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly recorded and shall have the corresponding Minutes kept intact by the Corporate Secretary.

c.2.8. Act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the company and all shareholders.

c.2.9. Ensure that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality.

c.2.10. Approve the selection of management and control functions and establish an effective performance management framework that will ensure that the management and personnel's performance are at par with the standards set by the Board and Senior Management.

c.2.11. Appoint the Chief Audit Executive and Chief Risk Officer.

c.2.12. Approve the Internal Audit Charter.

c.2.13. Formulate Board Charter that formalizes and clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties.

c.2.14. Ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

c.2.15. Adopt and ensure proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.

c.2.16. Perform all functions assigned to it by law, rules, and regulations.

C.3. Board Committees

- ✓ The Board shall set-up committees to support the effective performance of its functions, especially those involving audit, risk management, related party transactions, and other corporate governance functions, such as nomination and remuneration.
- ✓ Each committee shall have a charter stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources, and other relevant information, and such charter shall be fully disclosed on the Corporation's website.

c.3.1. Audit, Risk Oversight and Related Party Transactions Committee

- It shall be composed of at least three (3) appropriately qualified non-executive directors.
- The Chairman of this committee shall be an independent director, who should not be the chairman of the Board or of any other committees.
- Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment, and he/she shall have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance.
- Duties and Responsibilities:
 - Provide oversight functions over the internal audit department/unit, internal and external auditors, the Corporation's Enterprise Management Framework system, as well as management's activities in managing credit, market liquidity, operational, legal, and other risk exposures of the Corporation.
 - Recommend approval of and oversee the implementation of the Internal Audit Charter (IA Charter).
 - Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system and crisis management, integrity of financial reporting, security of

physical and information assets, and develop a transparent financial management system.

- Recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE).
- Review and monitor management's responsiveness to the Internal Auditor's findings and recommendations and the disposition of the recommendations in the External Auditor's management letter.
- Prior to the commencement of audit, discuss with the External Auditor the nature, scope, and expenses of the audit.
- Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him/her and to the corporation's overall consultancy expenses.
- Disallow any non-audit work that will conflict with duties as an External Auditor or may pose a threat to the auditor's independence. The non-audit work, if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report.
- Review and approve Interim and Annual Financial Statements before their submission to the Board.
- Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform: (a) a definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant; (b) an accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- Recommend to the Board the appointment, re-appointment, removal, and fees of the External Auditor duly accredited by the Commission, and provide an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.
- Develop, oversee and evaluate the implementation a formal enterprise risk management plan and revisit defined risk management strategy, look for emerging or changing material exposures, and stay abreast of significant

developments that seriously impact the livelihood of harm or loss.

- Review the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation; and advise the Board on risk appetite levels and risk tolerance limits
- Conduct regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assess how the concerned units or offices are addressing and managing the risks.
- Assess the probability of each identified risk becoming a reality, estimate its possible significant financial impact and likelihood of occurrence, and report to the Board the Company's material risk exposures, actions taken to reduce the risks, and recommends further action or plans, as necessary.
- Review and monitor all material related party transactions of the Corporation and subsequent changes in relationship with counterparties.
- Evaluate on an ongoing basis existing relations between and among businesses and counterparties, and all material related party transactions.
- Ensure that appropriate disclosure is made and/or information is provided to regulating and supervising authorities relating to the company's related party exposures, and policies on conflicts of interest or potential conflicts of interest.
- 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.
- Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.

c.3.2. Nomination, Remuneration and Corporate Governance Committee

- The nomination, remuneration and corporate governance committee shall be composed of at least three (3) members.

- The chairman of this committee shall be an independent director who shall not be chairman of the board or of other committees.
- It shall ensure compliance with and proper observance of corporate governance principles and practices.
- Duties and Responsibilities:
 - Oversee the implementation of and develop the corporate governance framework and periodically review the said framework.
 - Propose, plan, and recommend continuing education/training programs for directors, and assignment of tasks/projects to board committees.
 - Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance.
 - Establish a formal and transparent procedure to develop a policy on executive remuneration and for determining and fixing the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.
 - Provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the corporation's culture, strategy and control environment.
 - Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.
 - Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty or perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
 - Disallow any director to decide his or her own remuneration.
 - Provide in the corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.

- Review the Corporation's existing Human Resources Development or Personnel Handbook, if any, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.
- Pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the following qualifications and disqualifications set forth in this Manual and the existing laws, rules, and regulations.
- Determine the nomination and election process for the company's directors.
- Define the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board.
- Consider the following guidelines in the determination of the number of directorships for the Board: (a) the nature of the business of the Corporations which he is a director; (b) age of the director; (c) number of directorships/active memberships and officerships in other corporations or organizations; and (d) possible conflict of interest.

D. Chairman of the Board

- The Board of Directors should be headed by a competent and qualified Chairperson.
- Roles and responsibilities:
 - Make certain that the meeting agenda focuses on strategic matters, including overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.
 - Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.
 - Facilitate the discussion on key issue by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors.

- Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management.
- Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors.

E. The Corporate Secretary

- The Corporate Secretary should not be a member of the Board of Directors.
- He/she must be a Filipino citizen.
- The Corporate Secretary should annually attend a training on corporate governance.
- Duties and Responsibilities:
 - Assist the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and the committees to set agenda for those meetings.
 - Safe keep 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.
 - Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advises the Board and the Chairman on all relevant issues as they arise.
 - Work fairly and objectively with the Board, management, and stockholders and contribute to the flow of information between the Board and management, the Board and its committees and the Board and its stakeholders, including shareholders.
 - Advise on the establishment of board committees and their terms of reference.
 - Inform members of the Board in accordance with the by-laws, of the agenda of the 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.

- Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so.
- Perform required administrative function.
- Oversee the drafting of the by-laws and ensure that they conform with regulatory requirement.
- Perform such other duties and responsibilities as may be provided by the SEC.

F. The Compliance Officer

- The Board should ensure that it is assisted in its duties by a Compliance Officer, who should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Corporation.
- The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.
- The Compliance Officer is a member of the Corporation's management team in charge of the compliance function.
- Duties and Responsibilities:
 - Ensure proper onboarding of new directors, such as orientation on the Corporation's business, charter, articles of incorporation and by-laws, among others.
 - Monitor, review, evaluate, and ensure the compliance by the Corporation, its officers and directors with the relevant laws, the Code of Corporate Governance, rules and regulations and all governance issuance of regulatory agencies.
 - Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action.
 - Ensure the integrity and accuracy of all documentary submissions to regulators.
 - Appear before the SEC when summoned in relation to compliance with the Code of Corporate Governance.

- Collaborate with other departments to properly address compliance issues, which may be subject to investigation.
- Identify possible areas of compliance issues and works towards the resolution of the same.
- Ensure the attendance of the board members and key officers to relevant trainings.
- Perform such other duties and responsibilities as may be provided by the SEC.

G. The Chief Executive Officer

➤ Duties and Responsibilities:

- Determine the Corporation's strategic direction and formulate and implement its strategic plan on the direction of the business.
- Communicate and implement the Corporation's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same.
- Oversee the operations of the Corporation and manage human and financial resources in accordance with the strategic plan.
- Has a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose.
- Direct, evaluate and guide the work of the key officers of the Corporation.
- Manage the Corporation's resources prudently and ensure a proper balance of the same.
- Provide the Board with timely information and interfaces between the Board and the employees.
- Build the corporate culture and motivate the employees of the Corporation.
- Serve as the link between internal operations and external stockholders.

IV. DISCLOSURE AND TRANSPARENCY

A. Enhancing Company Disclosure Policies and Procedures

- The Corporation shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders and other stakeholders that gives a fair and complete picture of the Corporation's financial condition, results, and business operations.
- All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.
- Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.
- All directors and officers shall disclose/report to the Corporation's Compliance Officer/Corporate Information Officer and Alternate Corporate Information Officer any dealings in the Corporation's shares within three business days.
- The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer.
- All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
- The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.
- The Corporation shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report.
- The material or significant related party transaction reviewed and approved during the year should be disclosed in the Annual Corporate Governance Report.
- The Corporation shall make a full, fair, accurate, and timely disclosure to the public of every material fact or event that occurs particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Furthermore, the Board of the offeree Corporation shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

B. Strengthening the External Auditor's Independence and Improving Audit Quality

- The Corporation shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.
- The appointment, re-appointment, removal, and fees of the external auditor should be recommended by the Audit, Risk Oversight and Related Party Transactions Committee, approved by the Board and ratified by the shareholders.
- The resignation, removal, or cessation from service of the external auditor as well as the date and the reasons for such resignation, removal, or cessation from service shall be reported in the Corporation's annual and current reports and in the Corporation's website. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.
- The Corporation shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.
- The external auditor shall not at the same time provide the services of an internal auditor to the Corporation.

C. Increasing Focus on Non-Financial and Sustainability Reporting

- The Corporation shall disclose non-financial information, specifically those relating to the management of economic, environmental, social, and governance (EESG) issues of its business, which underpin sustainability.

D. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information

- The Corporation shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information, including the possibility of using media and analysts' briefings as channels of communication.

V. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

A. Internal Auditor

- The Corporation shall have a strong and effective internal control system and enterprise risk management framework.
- The Corporation shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Corporation's operations.

- The Corporation's internal audit activity may be a fully resourced activity housed within the Corporation or may be outsourced to qualified independent third party service providers.
- If the internal audit activity is housed within the Corporation, the Board shall appoint a qualified Chief Audit Executive (CAE) discussed below.
- Should the Corporation outsource the internal audit activity to qualified independent third party service provider, the Board shall appoint a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.
- Duties and Responsibilities of the internal auditor:
 - Provide an independent risk-based assurance service to the Board, Audit Committee management, focusing on reviewing the effectiveness of the governance and control processes in: (a) promoting the right values and ethics; (b) ensuring effective performance management and accounting in organization; (c) communicating risk and control information; and (d) coordinating the activities and information among the Board, external and internal auditors, and Management.
 - Perform regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment.
 - Perform consulting and advisory services related to governance and control as appropriate for the organization.
 - Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization.
 - Review, audit, and assess the efficiency and effectiveness of the internal control system of all areas of the Corporation.
 - Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned.
 - Evaluate specific operations at the request of the Board or Management, as appropriate.
 - Monitor and evaluate governance processes.

B. The Chief Audit Executive (CAE)

- The CAE shall be recommended by the Audit, Risk Oversight and Related Party Transactions Committee, and report functionally to the Audit Committee and administratively to the CEO.
- Duties and Responsibilities:
 - Review periodically the internal audit charter and present it to senior management and the Board Audit, Risk Oversight, and Related Party Transactions Committee for approval.
 - 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.
 - 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.
 - Spearhead the performance of the internal audit activity to ensure it adds value to the Corporation.
 - Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan.
 - Present findings and recommendations to the Audit Committee and give advice to senior management and the Board on how to improve internal processes.

C. Risk Management Function

- The Corporation may establish a risk management office, taking into account its size, risk profile, and complexity of operations.
- The risk management office shall identify, assess and monitor key risk exposures.
- Duties and Responsibilities of the Risk Management Office:
 - Define a risk management strategy.
 - Identify and analyze key risks exposure relating to economic, environmental, social, governance (EESG) factors and the achievement of the Corporation's strategic objectives.
 - Evaluate and categorize each identified risk using the Corporation's predefined risk categories and parameters.

- Establish a risk register with clearly defined, prioritized and residual risks.
- Develop a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy.
- Communicate and report significant risk exposures, including business risks, control issues and risk mitigation plan to the Board Risk Oversight Committee.
- Monitor and evaluate the effectiveness of the Corporation's risk management process.

D. The Chief Risk Officer

- The Board shall appoint a Chief Risk Officer ("CRO"), who shall manage the Corporation's Risk Management System.
- The CRO shall have adequate authority, stature, resources, and support to fulfill his/her responsibilities, subject to the Corporation's size, risk profile, and complexity of operations.
- The CRO shall report functionally to the Audit, Risk Oversight, and Related Party Transactions Committee, and administratively to the CEO.
- Duties and functions of the CRO:
 - Supervise the entire ERM process and spearhead the development, implementation, maintenance, and continuous improvement of ERM processes and documentation.
 - Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee.
 - Collaborate with the CEO in updating and making recommendations to the Board Risk Oversight Committee.
 - Suggest ERM policies and related guidance, as may be needed.
 - Provide insights on: (a) risk management processes are performing as intended; (b) risk measures reported are continuously reviewed by risk owners for effectiveness; and (c) established risk policies and procedures are being complied with.

VI. CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

➤ The Corporation shall treat all shareholders fairly and equitably, and also recognize, protect, and facilitate the exercise of their rights.

➤ The Corporation commits to respect the following rights of shareholders:

1. Pre-emptive Right

- ✓ All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

2. Voting Right

- ✓ Shareholders shall have the right to nominate candidates to the Board of Directors in accordance with the Corporation Code and other existing laws, rules, regulations.
- ✓ The shareholders shall likewise have the right to elect, remove, and replace directors and vote on certain corporate acts in accordance with the Corporation Code, such as, the amendment to the Articles of Incorporation and By-Laws, authorization to the increase or decrease in authorized capital stock.
- ✓ A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

3. Right to Inspect

- ✓ All shareholders shall be allowed to inspect corporate books and records, including minutes of Board meetings and stock registries in accordance with the Corporation Code, and shall be furnished with annual reports, including financial statements, without cost or restrictions.

4. Right to Information

- ✓ The Shareholders shall be provided, upon request, with periodic reports, which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporations, relationships among directors and key officers, and the aggregate compensation of directors and officers.

- ✓ The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- ✓ The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

5. Right to Dividends

- ✓ Shareholders shall have the right to receive dividends, subject to the discretion of the Board, and in accordance with the Corporation Code and other existing laws, rules, and regulations.
- ✓ The Corporation shall declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board; or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation such as when there is a need for special reserve for probable contingencies.

6. Appraisal Right

- ✓ The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:
 - In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior or those of outstanding shares of any class, or of extending or shortening the term of corporate existence.
 - In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code.
 - In case of merger or consolidation.

7. Right to Choose Alternative Dispute Resolution Process

- ✓ Shareholders shall have the right to choose any available alternative dispute resolution process under existing laws and regulations in case of intra-corporate dispute with a fellow shareholder, or with a director, or officer of the Corporation, or with the Corporation itself.
- ✓ No intra-corporate case shall be filed in court without exhausting at any available alternative dispute resolution process.
- It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.
- The Corporation shall send a Notice of the Annual and/or Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting or at least 15 business days prior to the meeting, as may be more practicable under the circumstances.
- The results of the votes taken during the most recent Annual and/or Special Shareholders' Meeting shall be publicly available the next working day.
- The Minutes of the Annual and/or Special Shareholders' Meeting should be available on the Corporation's website within five (5) business days from the end of the meeting. The said Minutes shall include:
 - a. Description of the voting and vote tabulation procedures used.
 - b. Opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received.
 - c. The matters discussed and the resolutions reached.
 - d. A record of the voting results for each agenda item.
 - e. A list of the directors, officers, and shareholders who attended the meeting.
 - f. Dissenting opinion on any agenda item that is considered significant in the discussion process.

VII. DUTIES TO STAKEHOLDERS

A. Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights

- The Corporation recognizes that stakeholders in corporate governance include, but are not limited to, customers, employees, suppliers, shareholders,

investors, creditors, the community the Corporation operates in, society, the government, regulators, competitors, and external auditors.

- The Board shall promote cooperation between the stakeholders and the Corporation in creating wealth, growth, and sustainability.
- The Board shall likewise treat the stakeholders fairly and protect their rights.
- The Board shall adopt a transparent framework and process that allow stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights.

B. Encouraging Employees' Participation

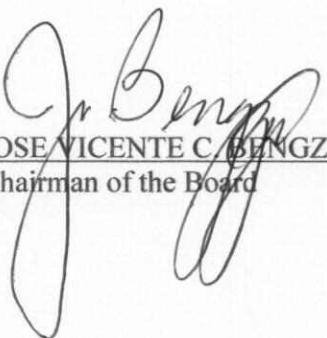
- The Board shall establish policies, programs, and procedures that encourage employees to actively participate in the realization of the Corporation's goals and participate in its corporate governance processes. These policies and programs shall cover, among others, the following: (1) health, safety and welfare; (2) training and development; and (3) reward/compensation for employees, encourages employees to perform better and motivates them to take a more dynamic role in the Corporation.
- The Board adopts a policy against corruption, which are detailed in its Code of Conduct and disseminated properly to its employees across the organization through trainings to embed them in the Corporation's culture.
- The Board shall, after a careful study, establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.
- This manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
- All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- An adequate number of printed copies of this Manual must be reproduced under the supervision of the Human Resources Division, with a minimum of at least one (1) hard copy of the Manual per department.

C. Encouraging Sustainability and Social Responsibility

- The Corporation shall be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

VIII. COMPLIANCE TO THE CODE AND THIS MANUAL

- This Manual substantially complies with the principles and recommendations under the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, Series of 2016).
- All business processes and practices being performed within any department or business unit of Vitarich Corporation that are not consistent with any portion of this Manual shall be revoked unless measures or policies are adopted to comply with this Manual.
- This Manual shall be subject to review by the Board of Directors.



JOSE VICENTE C. BENGZON, III
Chairman of the Board