

REPUBLIC OF THE PHILIPPINES )  
PASIG CITY ) S.S.

**SECRETARY'S CERTIFICATE**

**CHRISTINE MARIE D. ARAGONES**, of legal age, Filipino, with office address at 2704 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, being the Assistant Corporate Secretary of **VANTAGE EQUITIES, INC.** (the "Corporation"), a corporation organized and existing under the laws of the Republic of the Philippines, hereby certifies, under oath, during the meeting of the Board of Directors of the Corporation held on 30 May 2017, the following resolution was approved:

"RESOLVED, that **VANTAGE EQUITIES, INC.** (the 'Corporation') hereby approves the Manual of Corporate Governance, which had been revised in accordance with the recommendations of the Securities and Exchange Commission in SEC Memorandum Circular No. 19, Series of 2016, submitted to the Board."

IN ATTESTATION OF THE ABOVE, this Certificate was signed this 30<sup>th</sup> day of May 2017 in Pasig City.

  
**CHRISTINE MARIE D. ARAGONES**  
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 30<sup>th</sup> day of May 2017 in Pasig City, affiant exhibiting to me her Philippine Passport No. EC2083711 issued on 12 March 2011 in DFA NCR East and valid until 25 August 2017.

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**CARLA MAE E. BADI**

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# **Manual On Corporate Governance**

**Revised May 2017**

In compliance with SEC Memorandum Circular 19 series of 2016 on the new Code of Corporate Governance for Publicly Listed Companies, its effectivity date and the required submission on or before May 31 of the new Manual on Corporate Governance of all publicly listed companies.

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## THE BOARD'S GOVERNANCE RESPONSIBILITIES

### PRINCIPLE 1. ESTABLISHING A COMPETENT BOARD

#### 1. BOARD QUALIFICATION

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

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

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

#### 2. BOARD COMPOSITION – EXECUTIVE & NON-EXECUTIVE DIRECTORS

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

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

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

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

Non-executive directors also:

- a. Review with management, performance of statutory and internal auditors, adequacy of internal control systems, adequacy of internal audit function including their structure, frequency, reporting.
- b. Recommend to Board on the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and fixation of audit fees.
- c. Are by default members of all committees

### **3. BOD Orientation and Continuing Education Training Program**

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

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

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

### **4. Policy on board diversity**

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

Vantage Equities Inc. shall ensure diversity of experience and background of directors in its Board. It shall implement a "process for the selection of directors who can add value and

contribute independent judgment to the formulation of sound corporate strategies and policies". It shall not discriminate qualified directors due to age, gender, ethnicity, culture skill, competence and knowledge.

## **5. Duties and Responsibilities of a Corporate Secretary**

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

The Corporate Secretary shall be primarily responsible to the Corporation and its shareholders, and not to the Chairman or President nor the Chief Executive Officer and has, among others, the following duties and responsibilities:

- a. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
- b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- e. Advises on the establishment of board committees and their terms of reference;
- f. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- h. Performs required administrative functions;
- i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- j. Performs such other duties and responsibilities as may be provided by the SEC.

## **6. Duties and Responsibilities of a Compliance Officer**

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

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

- a. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
- b. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- d. Ensures the integrity and accuracy of all documentary submissions to regulators;
- e. Appears before the SEC when summoned in relation to compliance with this Code;
- f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- g. Identifies possible areas of compliance issues and works towards the resolution of the same;
- h. Ensures the attendance of board members and key officers to relevant trainings; and
- i. Performs such other duties and responsibilities as may be provided by the SEC.

## **PRINCIPLE 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD**

### **2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD**

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

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

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

The Fiduciary roles and responsibilities of Vantage Equities Inc.'s Board are as follows:

- a. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- b. Appoint competent, professional, honest and highly-motivated management officers and adopt an effective succession planning program for Management;
- c. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures and establish programs that can sustain the Corporation's long-term viability and strength;
- d. Periodically evaluate and monitor the implementation of its strategic policies and programs, business plans, operating budgets, including the Management's overall performance;
- e. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices;
- f. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation;



- g. Identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;
- h. Adopt a system of check and balance within the Board, conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times and perform a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness;
- i. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;
- j. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- k. Constitute Nomination, Compensation and Remuneration, Audit, Risk and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;

The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

- l. Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities.
- m. Meet at such times or frequency as may be needed; the minutes of such meetings shall be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.
- n. Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws, and in accordance with existing laws, rules and regulations; and



retirement age for directors and key officers as part of management succession and to promote dynamism in the Corporation. See Annex 6 for the detailed succession planning program.

5. Vantage Equities Inc.'s Board shall align the remuneration of key officers and board members with the long-term interests of the Corporation. In doing so, it shall formulate and adopt a policy (Annex 6) specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration. The detailed policies and committee duties and responsibilities are contained in the Remuneration Committee Charter presented in Annex 2.
6. Vantage Equities Inc.'s Board shall have a formal and transparent board nomination and election policy that shall include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors shall be aligned with the strategic direction of the company. The detailed policy statements, duties and responsibilities of the Nomination Committee are contained in the Corporate Governance, Nomination and Remuneration Committee Charter.

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

- (1) Possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile;
- (2) Have a record of integrity and good repute;
- (3) Have sufficient time to carry out their responsibilities; and
- (4) Have the ability to promote a smooth interaction between board members. A good practice is the use of professional search firms or external sources when searching for candidates to the Board.

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

- a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:
  - (a) Involves the purchase or sale of securities, as defined in the Securities Regulation Code;
  - (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or
  - (c) Arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

- b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from:
  - (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.

The disqualification shall also apply if:

- (a) Such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP;
  - (b) Such person has otherwise been restrained to engage in any activity involving securities and banking; or
  - (c) Such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
- c. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
  - d. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
  - e. Any person judicially declared as insolvent;
  - f. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
  - g. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and

- h. Other grounds as the SEC may provide.

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

- a. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification should apply for purposes of the succeeding election;
  - b. Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
  - c. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and
  - d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
7. Vantage Equities Inc.'s Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations. See Annex 6.

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

Vantage Equities Inc. shall set materiality threshold at Php1,000,000 in aggregate where omission or misstatement of the transaction could pose a significant risk to the Corporation and influence its economic decision. Beyond the materiality threshold, approval of management, the RPT Committee, the Board or the shareholders shall be required. In cases where the shareholders' approval is required, it is good practice for interested shareholders to abstain and let the disinterested parties or majority of the minority shareholders decide.



The detailed policy statements (Annex 4), duties and responsibilities of the Related Party Transaction Committee are contained in the Audit, Risk Oversight and Related Party Transaction Committee Charter in Annex 2.

8. Vantage Equities Inc.'s Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

It shall be the responsibility of the Board to appoint a competent management team at all times, monitor and assess the performance of the management team based on established performance standards that are consistent with the Corporation's strategic objectives, and conduct a regular review of the Corporation's policies with the management team. In the selection process, fit and proper standards are to be applied on key personnel and due consideration is given to integrity, technical expertise and experience in the institution's business, either current or planned.

9. Vantage Equities Inc.'s Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

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

Having an effective performance management system (see Annex 6) shall require time and resources and therefore, the support of the board, the executive director and other senior managers. A new performance management process shall require a committee made up of employees, managers and board members to increase buy-in, understanding and support for the process.

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

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

10. Vantage Equities Inc.'s Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall also approve the Internal Audit Charter (see Annex 4).

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

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

Risk management policy shall be part and parcel of a corporation's corporate strategy. The Board shall be responsible for defining the Corporation's level of risk tolerance and providing oversight over its risk management policies and procedures. (See Annex 6)

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

The Board Charter shall guide the directors on how to discharge their functions. It shall provide the standards for evaluating the performance of the Board. The Board Charter shall also contain the roles and responsibilities of the Chairman. (See Annex 3)

### **PRINCIPLE 3. ESTABLISHING BOARD COMMITTEES**

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

1. Vantage Equities Inc.'s Board shall establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. The following shall be the Board committees of the Corporation:
  - a. Audit Committee
  - b. Corporate Governance Committee
  - c. Board Risk Oversight Committee (incorporated in Audit Committee functions)
  - d. Related Party Transaction Committee (incorporated in Audit Committee functions)
  - e. Nomination Committee (incorporated in Corporate Governance Committee functions)
  - f. Remuneration Committee (incorporated in Corporate Governance Committee functions)

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

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

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

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

- a. Recommends the approval the Internal Audit Charter , which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation’s internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to:
  - (a) Safeguard the company’s resources and ensure their effective utilization,
  - (b) Prevent occurrence of fraud and other irregularities,
  - (c) Protect the accuracy and reliability of the company’s financial data, and
  - (d) Ensure compliance with applicable laws and regulations;
- c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;
- d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;
- e. Reviews and monitors Management’s responsiveness to the Internal Auditor’s findings and recommendations;
- f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation’s overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation’s Annual Report and Annual Corporate Governance Report;
- h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
  - Any change/s in accounting policies and practices

- Areas where a significant amount of judgment has been exercised
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements
- i. Reviews the disposition of the recommendations in the External Auditor's management letter;
  - j. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
  - k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
  - l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders; and
  - m. Performs the function of Board Risk Oversight Committee and/or Related Party Transactions Committee

The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal Audit.

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

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

- a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;



- b. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
  - c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
  - d. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
  - e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
  - f. Proposes and plans relevant trainings for the members of the Board;
  - g. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
  - h. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.
4. Due to Vantage Equities Inc.'s size, risk profile and less-complex operations, the Board shall incorporate the functions of the Board Risk Oversight Committee (BROC) that is responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness to the Audit Committee. The BROC shall have the same required number of independent directors as that of the Audit Committee of at least three members hence can be a consolidated function of the Audit Committee. The Audit Committee cum Board Risk Oversight Committee Chairman shall not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

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

- a. Develops a formal enterprise risk management plan which shall contains the following elements:
    - (a) Common language or register of risks,
    - (b) Well-defined risk management goals, objectives and oversight,
    - (c) Uniform processes of assessing risks and developing strategies to manage prioritized risks,
    - (d) Designing and implementing risk management strategies, and
    - (e) Continuing assessments to improve risk strategies, processes and measures;
  - b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
  - c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
  - d. Advises the Board on its risk appetite levels and risk tolerance limits;
  - e. Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;
  - f. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
  - g. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
  - h. Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.
5. Due to Vantage Equities Inc.'s size, risk profile and less-complex operations, the Board shall incorporate the functions of the Related Party Transaction (RPT) Committee, which shall be

tasked with reviewing all material related party transactions of the Corporation to the Audit Committee. Its composition shall be the same as the Audit Committee.

The following shall be the functions of the RPT Committee, among others:

- a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
  1. The related party's relationship to the company and interest in the transaction;
  2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  3. The benefits to the corporation of the proposed RPT;
  4. The availability of other sources of comparable products or services; and
  5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
- d. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and

- f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.
  
6. All established committees shall have Committee Charters stating in simple terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters shall provide the standards for evaluating the performance of the Committees. It shall be fully disclosed on Vantage Equities Inc.'s website.

The Committee Charter shall clearly define the roles and accountabilities of each committee to avoid any overlapping functions, which aims at having a more effective board for the Corporation. This can also be used as basis for the assessment of committee performance. See Annexes 1 and 2 for detailed Charters.

## **PRINCIPLE 4. FOSTERING COMMITMENT**

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

Vantage Equities Inc.'s directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

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

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

2. Vantage Equities Inc. strictly implement that the non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to assure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company. Exception to this shall require the proper disclosure and approval of the Board of Directors.

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

3. Vantage Equities Inc. shall make it a policy to require a director to notify the Board where he/she is an incumbent director before accepting a directorship in another company. The Board shall expect commitment from a director to devote sufficient time and attention to his/her duties and responsibilities. This is also an opportunity for the Corporation to be able to assess if his/her present responsibilities and commitment to the company will be affected and if the director can still adequately perform what is expected of him/her.



## **PRINCIPLE 5. REINFORCING BOARD INDEPENDENCE**

Vantage Equities Inc.'s board shall promote an independent and objective judgement in all its corporate affairs.

1. The Board shall maintain at least 3 independent directors. This is to ensure the exercise of independent judgment on Vantage Equities Inc.'s corporate affairs and necessary oversight of managerial performance, including prevention of conflict of interests and balancing of competing demands of Vantage Equities Inc.
2. The Board shall ensure that independent directors possess the essential qualifications and none of the disqualifications for an independent director to hold the position. Independent directors need to possess a good grasp and general understanding of the business. It is imperative that independent directors possess the requisite independence and competence. It is therefore important that the non-executive directors, including independent directors, has the qualifications and stature that will enable them to effectively and objectively participate in the deliberations of the Board. An Independent Director shall ideally:
  - a. Is not, or has not been a senior officer or employee of Vantage Equities Inc. unless there has been a change in the controlling ownership of Vantage Equities Inc;
  - b. Is not, and has not been in the three years immediately preceding the election, a director of Vantage Equities Inc.; a director, officer, employee of Vantage Equities Inc.'s subsidiaries, associates, affiliates or related companies; or a director, officer, employee of Vantage Equities Inc.'s substantial shareholders and its related companies;
  - c. Has not been appointed in Vantage Equities Inc., its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
  - d. Is not an owner of more than two percent (2%) of the outstanding shares of Vantage Equities Inc., its subsidiaries, associates, affiliates or related companies.
  - e. Is not a relative of a director, officer, or substantial shareholder of Vantage Equities Inc. or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
  - f. Is not acting as a nominee or representative of any director of Vantage Equities Inc. or any of its related companies;

- g. Is not a securities broker-dealer of listed companies and registered issuers of securities. “Securities broker-dealer” refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
  - h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of Vantage Equities Inc., any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
  - i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with Vantage Equities Inc. or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm’s length and could not materially interfere with or influence the exercise of his independent judgment;
  - j. Is not affiliated with any non-profit organization that receives significant funding from Vantage Equities Inc. or any of its related companies or substantial shareholders; and
  - k. Is not employed as an executive officer of another company where any of Vantage Equities Inc.’s executives serve as directors.
3. The independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that Vantage Equities Inc. wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders’ approval during the annual shareholders’ meeting.
- Any term beyond nine years for an ID is subjected to particularly rigorous review, taking into account the need for progressive change in the Board to ensure an appropriate balance of skills and experience. However, the shareholders may, in exceptional cases, choose to re-elect an independent director who has served for nine years. In such instances, the Board must provide a meritorious justification for the re-election.
4. The positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals and each shall have clearly defined responsibilities.

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

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

- a. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
  - b. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
  - c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;
  - d. Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;
  - e. Directs, evaluates and guides the work of the key officers of the corporation;
  - f. Manages the corporation's resources prudently and ensures a proper balance of the same;
  - g. Provides the Board with timely information and interfaces between the Board and the employees;
  - h. Builds the corporate culture and motivates the employees of the corporation; and
  - i. Serves as the link between internal operations and external stakeholders.
5. The Board shall 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.

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

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

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

6. A director with a material interest in any transaction affecting Vantage Equities Inc. shall abstain from taking part in the deliberations for the same.

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

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

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

## **PRINCIPLE 6. ASSESSING BOARD PERFORMANCE**

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

### **Annual Board Assessment Policy Statement:**

1. The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.
2. The objective of Policy is to enable the Board to periodically identify overall strengths and specific areas for improvements based on results of assessment, and to gather relevant feedbacks and views from the members of the Board which will collectively form part of Vantage Equities Inc.'s overall business strategy, performance measure and future directions.
3. The Board shall put in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system shall allow for a feedback mechanism from the shareholders. Disclosure of the criteria, process and collective results of the assessment ensures transparency and allows shareholders and stakeholders to determine if the directors are performing their responsibilities to the company.
4. The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each member of the Board, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflects the specific duties, responsibilities and accountabilities of each party assessed as provided in the Company's By-Laws, Manual on Corporate Governance, Board Committee Charters and governing policies.
5. The Corporate Governance Committee oversees the evaluation process.
6. The Corporate Secretary shall administer and coordinate the completion of annual self-assessment. Accomplished forms shall be signed and forwarded to the Corporate Secretary within seven (7) working days from date of distribution. All the accomplished forms and related records shall be safe kept for a period of no less than five (5) years from date of assessment.
7. The following rating system shall be used by the directors in accomplishing the self-rating form:

## **PRINCIPLE 7. STRENGTHENING BOARD ETHICS**

### **1. Adopt a Code of Business Conduct and Ethics**

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

#### **Business Conduct & Ethics Directors Senior Management Employees**

##### *(a) Conflict of Interest*

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

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

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

##### *(b) Conduct of Business and Fair Dealings*

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

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

##### *(c) Receipt of gifts from third parties*

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

*(d) Compliance with Laws & Regulations*

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

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

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

*(e) Respect for Trade Secrets/Use of Non-public Information*

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

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

*(f) Use of Company Funds, Assets and Information*

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

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

*(g) Employment & Labor Laws & Policies*

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

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

*(h) Disciplinary action*

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

*(i) Whistle Blower*



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

*(j) Conflict Resolution*

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

**2. Ensure the proper implementation and monitoring of compliance with the Code**

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

## **DISCLOSURE AND TRANSPARENCY**

### **PRINCIPLE 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES**

1. Vantage Equities Inc. shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations. It shall ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations. These shall be compliant to the disclosure requirement as provided in Rule 68 of the Securities Regulation Code (SRC), Philippine Stock Exchange Listing and Disclosure Rules, and other regulations such as those required by the Bangko Sentral ng Pilipinas, is essential for comprehensive and timely reporting.

All material information about the Corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders shall be publicly and timely disclosed to the Philippine Stock Exchange and the Commission. Such material information shall include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, related-party transactions and direct and indirect remuneration of members of the Board and the Management. The Board shall commit at all times to a full disclosure of material information dealings. It shall cause the filing of all required information through Philippine Stock Exchange mechanisms and the submissions to the Commission for the interest of its stockholders and other stakeholders.

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

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

- c. External Auditor's Fee
  - d. Medium of Communication
  - e. Date of Release of Audited Financial Statements
  - f. Updated Company Website Disclosure of the following:
    - 1. Business Operations
    - 2. Financial Statements (Comparative current vs prior period)
    - 3. Materials Provided in Briefings to Analysts and Media
    - 4. Shareholding Structure
    - 5. Group Corporate Structure
    - 6. Downloadable Annual Report
    - 7. Notices of ASM and/ or SSM
    - 8. Corporation's By-laws and Articles of Incorporation
  - g. Disclosure on Related Party Transaction
2. Vantage Equities Inc. shall require all directors and officers to disclose/report to the company any dealings in the company's shares within three business days as Directors often have access to material inside information on the company and to reduce the risk that the directors might take advantage of this information. This shall supplement the requirement of Rules 18 and 23 of the Securities Regulation Code. This shall be publicly and timely disclosed to the regulatory body upon receipt of the transaction that would material affect the viability and interests of the stockholders and other stakeholders of the Corporation.
3. Vantage Equities Inc.'s 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.
- A disclosure on the board members and key executives' information is prescribed under Rule 12 Annex C of the SRC. All non-financial disclosures include directors and key officers' qualifications, share ownership in the company, membership of other boards, other executive positions, continuous trainings attended and identification of independent directors.
4. Vantage Equities Inc. 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. It shall disclose all fixed and variable remuneration including termination and retirement provisions. This shall be included in the Remuneration Committee Charter.

Disclosure of remuneration policies and procedure enables investors to understand the link between the remuneration paid to directors and key management personnel and the company's performance.

5. Vantage Equities Inc. shall disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions. The material or significant RPTs reviewed and approved during the year shall also be disclosed in its Annual Corporate Governance Report.

The Corporation acknowledges that a full, accurate and timely disclosure of the company's policy governing RPTs and other unusual or infrequently occurring transactions, as well as the review and approval of material and significant RPTs, is regarded as good corporate governance practice geared towards the prevention of abusive dealings and transactions and the promotion of transparency. These policies shall ensure that transactions occur at market prices and under conditions that protect the rights of all shareholders. The said disclosure includes directors and key executives reporting to the Board when they have RPTs that could influence their judgment.

6. Vantage Equities Inc. 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. Moreover, the Board of the offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

Vantage Equities Inc. shall ensure that the disclosure on the acquisition or disposal of significant assets includes, among others, the rationale, effect on operations and approval at board meetings with independent directors present to establish transparency and independence on the transaction. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders.

7. Vantage Equities Inc.'s corporate governance policies, programs and procedures shall form part of this revised and updated Manual on Corporate Governance and shall be submitted to SEC and PSE. Likewise, this revised and updated Manual on Corporate Governance shall be posted on the company's website to ensure easier access by any interested party.

The Corporation supports the fact that transparency is one of the core principles of corporate governance. To ensure the better protection of shareholders and other stakeholders' rights, full disclosure of the company's corporate governance policies, programs and procedures is imperative thus these are all contained in this Manual on Corporate Governance.

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

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

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

2. The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall put emphasis the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis. This shall be included in the Audit Committee Charter.

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

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

The Audit Committee, in the performance of its duty, shall oversee the overall relationship with the external auditor. It shall evaluate and determine the nature of non-audit services, if any, of the external auditor. Further, the Committee shall periodically review the proportion of non-audit fees paid to the external auditor in relation to the corporation's overall consultancy expenses. Allowing the same auditor to perform non-audit services for the company may create a potential conflict of interest. In order to mitigate the risk of possible conflict between the auditor and the company, the Audit Committee shall put in place robust policies and procedures designed to promote auditor independence in the long run

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

Vantage Equities Inc. shall ensure that the material and reportable non-financial and sustainability issues are timely and properly disclosed. It shall endeavor to establish a clear and focused policy on the disclosure of non-financial information with emphasis on the management of economic, environmental, social and governance (EESG) issues of the business.

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

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

Sustainability Pillars:

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

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

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

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

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



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

Vantage Equities Inc. shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users. The Corporation's external communication policies shall be focused on media and analysts' briefing as channels of communication to ensure timely and accurate dissemination of public material and relevant information to its shareholders and other investors.

To ensure accuracy and consistency of information released to the public, the Corporation's legal counsel drafts disclosures and announcements and the President approves the same prior to release. The Investor Relations office shall ensure that external communication follow the committed IR policies of communication to public, to wit:

### Investor Relations Program

#### Objectives:

To keep capital markets continuously informed about the Corporation's position, operations and development.

To broaden the knowledge of and interest in the Corporation and thereby improve liquidity in trading of the Corporation's share, reduce risk from information deficits, and facilitate the raising of capital in the equity and debt markets if necessary.

#### Principles:

**Reliability.** All information to the capital markets shall be factual and correct and must not be misleading in any way.

**Proactivity and Speed.** All information that can materially impact trading of the Corporation's shares shall be issued as quickly as possible.

**Simultaneity.** All information shall be conveyed simultaneously to all market participants.

#### Modes of Communications:

Announcements and disclosures are reported to the SEC and published in the ff. sites:

PSE website – [www.pse.com.ph](http://www.pse.com.ph)

Company website – [www.vantage.com.ph](http://www.vantage.com.ph)

Investor's Forum held at last 2x a year

Investors Relations Officer: Details disclosed in PSE

## **INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK**

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

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

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

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

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

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

##### **a. Clear arrangements for delegating authority.**

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

**b. Adequate accounting policies, records and processes.**

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

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

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

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

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

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

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

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

**d. Segregation of conflicting functions.**

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

Moreover, periodic reviews of responsibilities and functions shall be conducted to ensure that personnel are not in a position to conceal inappropriate actions.

An effective Internal Control System shall require that there are adequate and comprehensive internal financial, operational and compliance data, as well as external information about events and conditions that are relevant to decision making. Information shall be reliable, timely, and accessible. It shall be provided in a consistent format and shall put in place a reliable management information system covering significant activities. It shall have the capability to generate relevant and quality information to supporting internal control. The overall effectiveness of the Internal Controls shall be monitored on an ongoing basis as defined by Management, as integrated in the operating environment and produces regular reports for review. All levels of review shall be adequately documented and results thereof reported on a timely basis to the **President and CEO**.

## **2. Function of Internal Audit Group**

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

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

- a. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
- b. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- c. Performs consulting and advisory services related to governance and control as appropriate for the organization;
- d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;

- f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- g. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- h. Monitors and evaluates governance processes.

### **3. Duties and Responsibilities of a Chief Audit Executive (CAE)**

Vantage Equities Inc. shall have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization.

The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, shall directly report functionally to the Audit Committee and administratively to the CEO. The following shall be the responsibilities of the CAE, among others:

- a. Shall periodically review the internal audit charter and shall present it to senior management and the Board Audit Committee for approval;
- b. Shall establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- c. Shall communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
- d. Shall spearhead the performance of the internal audit activity to ensure it adds value to the organization;
- e. Shall report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- f. Shall present findings and recommendations to the Audit Committee and shall give advice to senior management and the Board on how to improve internal processes.

### **4. Function of Risk Management Group**

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

- a. Defining a risk management strategy;

- b. Identifying and analyzing key risks exposure relating to economic, environmental, social, and governance (EESG) factors and the achievement of the organization's strategic objectives;
- c. Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
- d. Establishing a risk register with clearly defined, prioritized and residual risks;
- e. Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;
- f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
- g. Monitoring and evaluating the effectiveness of the organization's risk management processes.

#### Risk Exposure Management

##### a. Credit risk

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

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

##### b. Liquidity risk

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

##### c. Market risk

Vantage Equities Inc.'s trading positions shall be marked-to-market on a daily basis including all other positions. It shall ensure that volatility in earnings resulting from market risk taking activities are kept within an acceptable range as determined by the Board. It shall consistently

maintain that market risk position in its books shall be constantly monitored and shall be adequately protected against constantly changing, or adverse market conditions.

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

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

d. Operational risk

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

## **5. Duties and Responsibilities of a Chief Risk Officer**

Vantage Equities Inc. shall have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities

The CRO shall have the following functions, among others:

- a. Shall supervise the entire ERM process and shall spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Shall communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
- c. Shall collaborate with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d. Shall suggest ERM policies and related guidance, as may be needed; and
- e. Shall provide insights on the following:  
Risk management processes are performing as intended;  
Risk measures reported are continuously reviewed by risk owners for effectiveness; and  
Established risk policies and procedures are being complied with.



## **CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS**

### **PRINCIPLE 13. PROMOTING SHAREHOLDER RIGHTS**

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

The Corporation's Board shall respect the following rights of the stockholders:

1. Voting Right

- a. The stockholders shall have the right to elect, remove and replace directors and to vote on certain corporate acts in accordance with the Corporation Code.
- b. Cumulative voting shall be used in the election of directors.
- c. A director shall not be removed without cause if it will deny minority stockholders representation in the Board.
- d. Although all stockholders shall be treated equally and without discrimination, the minority stockholders shall have the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

2. Pre-Emptive Right

- a. Any stockholder of the Corporation shall have the right to subscribe to all issues or disposition of shares of any class, in proportion to their respective shareholdings, unless such right is denied by the Corporation's Articles of Incorporation.
- b. This right shall not extend to the following:
  - i. Shares to be issued in compliance with laws requiring stock offerings or minimum stock ownership by the public; and
  - ii. Shares to be issued in good faith with the approval of the stockholders representing two-thirds (2/3) of the outstanding capital stock, in exchange for property needed for corporate purposes or in payment of a previously contracted debt.

3. Right to Inspect Corporate Books and Records

- a. The records of all business transactions of the Corporation and the minutes of any meeting shall be open to inspection by any stockholder at reasonable hours on business days. He may demand, in writing, for a copy of excerpts from said corporate books and records, at his expense.

4. Right to Information

- a. Upon request, the stockholders shall be provided with periodic reports which disclose personal and professional information about the Corporation's directors and officers, including their shareholdings in the Corporation, dealings with the Corporation, relationships among directors and key officers and their aggregate compensation. All material information shall be disclosed with the SEC and PSE.

5. Right to Dividends

- a. The stockholders shall have the right to receive dividends subject to the discretion of the Board and on the basis of outstanding stock held by them.
- b. The Corporation shall declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except in the following instances:
  - i. When justified by definite corporate expansion projects or programs approved by the Board;
  - ii. 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
  - iii. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation.

6. Appraisal Right

- a. Any stockholder of the Corporation shall have the right to dissent and demand payment of the fair value of his shares in accordance with Title 10 of the Corporation Code, under any of the following instances:
  - i. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
  - ii. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Corporation's property and assets; and
  - iii. In case of sale merger of consolidation.

The Board shall promote the rights of the stockholders, remove impediments to the exercise of such rights and provide an adequate avenue for them to seek timely redress for any breach thereof. It shall also take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

2. Vantage Equities Inc.'s Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting and shall be posted on company website as well. The notices shall be printed on a CD sleeve. The CD contains the Definitive Information Statement, Annual Reports and Audited Financial Statements. The sleeve and the CD shall be mailed to the stockholders at least three weeks prior to the intended day of meeting

The Board shall exercise transparency and fairness in the conduct of the Corporation's annual and special stockholders' meetings. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised of their right to appoint a proxy. Subject to the requirements of the Corporation's By-Laws, the exercise of the right to appoint a proxy shall not be unduly restricted. Any doubt concerning the validity of a proxy shall be resolved in the stockholder's favor.

Shareholders shall be encouraged to participate when given sufficient information prior to voting on fundamental corporate changes such as:

- (1) Amendments to the Articles of Incorporation and By-Laws of the company;
- (2) The authorization on the increase in authorized capital stock; and
- (3) Extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the company. In addition, the disclosure and clear explanation of the voting procedures, as well as removal of excessive or unnecessary costs and other administrative impediments, allow for the effective exercise of the shareholders' voting rights.

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

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

The Minutes of Meeting shall include the following matters:

- (1) A description of the voting and the vote tabulation procedures used;
- (2) The opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received;
- (3) The matters discussed and the resolutions reached;
- (4) A record of the voting results for each agenda item;
- (5) A list of the directors, officers and shareholders who attended the meeting; and (6) dissenting opinion on any agenda item that is considered significant in the discussion process.

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

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

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

5. Vantage Equities Inc.'s Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting. Setting up an avenue to receive feedback, complaints and queries from shareholders assure their active participation with regard to activities and policies of the company. There shall be a designated Investor Relations Officer, email address and telephone number. Further, creating an Investor Relations Program shall ensure that all information regarding the activities of the company are properly and timely communicated to shareholders.

The Corporation's internal communication policies are aimed at informing employees of their company's operations and development to enhance their knowledge of values, business objectives and strategies that will strengthen their commitment, motivation, loyalty and sense of responsibility. To this end, the Corporation shall encourage two-way dialogue at all levels of the organization and develops venues for employees to give feedback and to be part of an open, inclusive communications climate.

On the other hand, the Corporation's external communication policies are focused on investor and media relations.

To ensure accuracy and consistency of information released to the public, the Corporation's legal counsel drafts disclosures and announcements and the President approves the same prior to release.

#### Investor Relations Program

##### Objectives:

To keep capital markets continuously informed about the Corporation's position, operations and development.

To broaden the knowledge of and interest in the Corporation and thereby improve liquidity in trading of the Corporation's share, reduce risk from information deficits, and facilitate the raising of capital in the equity and debt markets if necessary.

Principles:

Reliability. All information to the capital markets shall be factual and correct and must not be misleading in any way.

Proactivity and Speed. All information that can materially impact trading of the Corporation's shares shall be issued as quickly as possible.

Simultaneity. All information shall be conveyed simultaneously to all market participants.

Modes of Communications:

Announcements and disclosures are reported to the SEC and published in the ff. sites:

PSE website – [www.pse.com.ph](http://www.pse.com.ph)

Company website – [www.vantage.com.ph](http://www.vantage.com.ph)

Investors Relations Officer: Details disclosed in PSE

## **DUTIES TO STAKEHOLDERS**

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

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

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

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

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

2. Vantage Equities Inc.'s Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

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

3. Vantage Equities Inc.'s Board shall adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.

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

All material information about the Corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders shall be publicly and timely disclosed to the Philippine Stock Exchange and the Commission. Such material information shall include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and the Management.

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



## **PRINCIPLE 15. ENCOURAGING EMPLOYEES' PARTICIPATION**

### **1. Establish policies, programs and procedures that encourages employees to actively participate in the realization of the Corporation's goals and in its governance.**

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

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

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

1. Flexible work hours;
2. Fitness programs after office;
3. Subsidized vaccinations, etc.

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

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

### **2. Establish an anti-corruption policies and programs to mitigate corrupt practices**

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

The adoption of an anti-corruption policy and program shall endeavor to mitigate corrupt practices such as, but not limited to, bribery, fraud, extortion, collusion, conflict of interest and money laundering. This encourages employees to report corrupt practices and outlines

procedures on how to combat, resist and stop these corrupt practices. Anti-corruption programs are more effective when the Board sets the tone and leads the company in their execution.

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

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

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

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

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

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

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

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

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

transaction, are politely and clearly advised by any Company personnel that payments are against Policy, and subsequently decline the payment or transaction.

### **3. Establish a suitable Whistle-blowing framework**

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

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

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

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

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

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

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

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

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

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

## **PRINCIPLE 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY**

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

Sustainable development means that the Corporation not only complies with existing regulations, but also voluntarily employs value chain processes that takes into consideration economic, environmental, social, and governance issues and concerns. In considering sustainability concerns, Vantage Equities Inc. plays an indispensable role alongside the government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

### Environmental Sustainability Initiatives

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

### Community Involvement Initiatives

The Community Involvement Program of the Corporation encourages direct involvement of employees. The return for the Corporation comes not only in community recognition, but also in the commitment employees feel when causes they care for are supported by their employers. Employee engagement increases employee morale and therefore productivity.

One of Vantage Equities Inc.'s subsidiary companies is a direct agent of Western Union (a global money remittance company). The Western Union (WU) Foundation Agent Giving program provides Agents with a unique opportunity to come together in support of education, economic opportunity and disaster relief initiatives. By working together, Agents can have an even greater impact on the lives of consumers around the world. In the Philippines, WU Foundation

Vantage Equities Inc. and its subsidiary company, Ebusiness Services Inc. join the Western Union Foundation in supporting philanthropic initiatives to help provide the next generation to acquire technology and digital literacy skills, called TANYAG (Technology Aiding Nation's Youth to Accelerate Growth) thru their local partner, Knowledge Channel Foundation.

Vantage Equities Inc. and its subsidiary companies has been donating its used but working computers to local charitable institutions and conducting outreach programs to these same charitable institution as part of our corporate social responsibility initiative.

Our corporate responsibility efforts are focused on environmental, social and governance (ESG) issues, helping to shape policies and practices around our core operations and our community commitment. They also help to drive shared value, identifying opportunities for innovative products and services that contribute to our financial strength as a company, as well as the financial strength of the people we serve.

## ANNEX 1

### **Audit, Risk Oversight and Related Party Transaction Committees Charter**

#### **Organization**

This Charter shall govern the total operations, roles and responsibilities of the Audit Committee which shall also perform the functions of the Risk Oversight and Related Party Transactions Committees. The Board of Directors shall appoint an Audit Committee of at least three members, consisting entirely of independent directors of the Board, and shall designate one member as chairperson or delegate the authority to designate a Chairman to the Committee. For purposes hereof, members shall be considered independent as long as they satisfy all of the independence requirements for Board Members.

- Each member of the Committee shall be financially literate, or become financially literate within a reasonable period of time, and at least one member shall be an “audit committee financial expert.”
- Members shall not serve on more than three public company audit committees simultaneously unless the Board of Directors determines that such simultaneous service will not impair the member’s ability to serve effectively on the Committee.
- The Committee shall meet separately and periodically with management, the personnel responsible for the internal audit function and the independent auditor. The Committee shall report regularly to the Board of Directors about its activities.

#### **Purpose**

The Committee shall have the following purpose:

- The Committee shall provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and others stakeholders relating to:
  - (1) The integrity of Vantage Equities Inc.’s financial statements,
  - (2) The effectiveness of Vantage Equities Inc.’s internal control over financial reporting,
  - (3) Vantage Equities Inc.’s compliance with legal and regulatory requirements,
  - (4) The independent auditor’s qualifications and independence, and
  - (5) The performance of the Vantage Equities Inc.’s internal audit function and external auditor.
- The Committee shall prepare the Audit Committee report. The Committee shall be responsible for maintaining free and open communication between itself, external auditor, the internal auditors and management of the Corporation, and for determining that all parties are aware of their responsibilities.

### **Duties and responsibilities**

- The Committee shall have the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation and integrity of Vantage Equities Inc.'s financial statements; for the appropriateness of the accounting principles and reporting policies that are used by the Corporation; and for establishing and maintaining internal control over financial reporting. The external auditor is responsible for auditing the Company's financial statements and the effectiveness of internal control over financial reporting, and for reviewing the Corporation's unaudited interim financial statements.
- The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions, circumstances, and economic landscape. The Committee shall take appropriate actions to monitor the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.

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

### **Principal Duties and Responsibilities**

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

#### *Risk management and controls*

- The Committee shall discuss Vantage Equities Inc.'s policies on risk assessment and risk management, including the risk of fraud. The Committee also shall discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- The Committee shall review with senior management the Corporation's overall anti-fraud programs and controls.
- The Committee shall discuss with the internal auditors and the external auditor the overall scope and plans for their respective audits, including the adequacy of staffing and budget or compensation.

#### *Risk Oversight Committee Responsibilities*

- The Committee shall develop a formal enterprise risk management plan which shall contain the following elements:
  - Common language or register of risks,



- Well-defined risk management goals, objectives and oversight,
  - Uniform processes of assessing risks and developing strategies to manage prioritized risks,
  - Designing and implementing risk management strategies, and
  - Continuing assessments to improve risk strategies, processes and measures;
- The Committee shall oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROOC conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
  - The Committee shall evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROOC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
  - The Committee shall advise the Board on its risk appetite levels and risk tolerance limits;
  - The Committee shall review at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;
  - The Committee shall assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
  - The Committee shall provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
  - The Committee shall report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

*Financial reporting and disclosure matters*

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

- The Committee shall meet to review and discuss the annual audited financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the external auditor prior to the filing of the Company's Annual Report on Form 17-A. Also, the Committee shall discuss the results of the annual audit and any matters required to be communicated to the Committee by the external auditor under professional standards.
- The Committee's review of the financial statements shall include:
  - (1) Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy and effectiveness of the Company's internal control over financial reporting and any specific remedial actions adopted in light of significant deficiencies or material weaknesses;
  - (2) Discussions with management and the external auditor regarding significant financial reporting issues and judgments made about the preparation of the financial statements and the reasonableness of those judgments, including analyses of the effects of alternative GAAP methods on the financial statements;
  - (3) Consideration of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;
  - (4) Consideration of the judgment of both management and the external auditor about the quality, not just the acceptability, of accounting principles; and
  - (5) The completeness and clarity of the disclosures in the financial statements.

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

- The Committee shall review and approve all related-party transactions required to be disclosed according to SEC rules, and discuss with management the business rationale for the transactions and whether appropriate disclosures have been made.
- The Committee shall review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- The Committee shall discuss, with management and the internal auditors, management's process for assessing the effectiveness of internal control over financial reporting, including any material weaknesses or significant deficiencies identified.

- The Committee shall review management’s report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the external auditor’s report on the effectiveness of internal control over financial reporting.
- The Committee shall discuss with the external auditor the characterization of deficiencies in internal control over financial reporting. The Committee shall also discuss, with management, management’s remediation plan to address internal control deficiencies. The Committee shall determine that the disclosures describing any identified material weaknesses and management’s remediation plans are clear and complete.
- The Committee shall discuss with management its process for performing its required quarterly certifications and reporting, including the evaluation of the effectiveness of disclosure controls by the Chief Executive Officer and Chief Financial Officer.
- The Committee shall discuss with management, the internal auditors and the external auditor
  - (1) Any changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Corporation internal control over financial reporting that are required to be disclosed and
  - (2) Any other changes in internal control over financial reporting that were considered for disclosure in the Corporation’s periodic filings with the SEC.

*Related Party Committee Responsibilities*

- The Committee shall evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- The Committee shall evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
  - The related party’s relationship to the company and interest in the transaction;
  - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - The benefits to the corporation of the proposed RPT;

- The availability of other sources of comparable products or services; and
  - An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- 
- The Committee shall ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
  - The Committee shall report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
  - The Committee shall ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
  - The Committee shall oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

*External auditor oversight and responsibilities*

- The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the external auditor in preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. The external auditor must report directly to the Committee.
- At least annually, the Committee shall obtain and review a report by the external auditor describing:
  - (1) The firm's internal quality control procedures;
  - (2) Any material issues raised by the most recent internal quality control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
  - (3) All relationships between the external auditor and the Corporation to assess the auditors' independence.

- After reviewing the foregoing report and the external auditor's work throughout the year, the Committee shall evaluate the auditors' qualifications, performance and independence. This evaluation should include the review and evaluation of the lead audit partner and take into account the opinions of management and the Corporation's personnel responsible for the internal audit function.
- The Committee shall determine that the external auditor has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules.
- The Committee shall preapprove all audit and non-audit services provided by the external auditor, including specific preapproval of internal control-related services. The Committee may delegate preapproval authority to a member of the Audit Committee. The decisions of any Committee member to whom preapproval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- The Committee shall regularly review with the external auditor any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the external auditor's activities or access to requested information, and management's response. The Committee shall review differences that were noted or proposed by the auditors but were passed (as immaterial or otherwise be issued, by the audit firm to the Corporation that is in addition to its audit report on the effectiveness of internal control over financial reporting.
- The Committee shall set clear hiring policies for employees or former employees of the external auditor that meet SEC regulations and applicable stock exchange listing standards.

*Internal audit oversight and responsibilities*

- The Committee shall review and approve the Internal Audit Department's annual audit plan and all major changes to the plan.
- The Committee shall review and discuss with the internal auditors the scope, progress and results of executing the internal audit plan.
- The Committee shall receive reports on the status of significant findings and recommendations, and management's responses.
- The Committee shall review the Charter, reporting relationship, activities, staffing, organizational structure and credentials of the Internal Audit Department.
- The Committee shall review and concur on the appointment, replacement, reassignment or dismissal of the Internal Audit Director, who shall have direct access to the Committee.
- The Committee shall review the annual performance of the internal audit function.

*Compliance oversight and responsibilities*

- The Committee shall review the Vantage Equities Inc.'s compliance and ethics programs, including legal and regulatory requirements, and review with management its periodic evaluation of the effectiveness of such programs. The Committee shall review the Corporation's code of conduct and programs that management has established to monitor compliance with such code. The Committee shall receive any corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty by the Corporation.
- The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation about accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- The Committee shall determine the appropriate funding needed by the Committee for payment of compensation to the external auditor engaged for preparing or issuing audit reports, or performing other audit, review or attest services for the Corporation.
- The Committee shall have the authority to retain outside counsel, accountants, experts and other advisors that it deems appropriate to assist the Committee in performing its functions. The Committee shall be provided with appropriate funding, as determined by the Committee, for payment of compensation to such outside counsel, accountants, experts and other advisors.
- The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively. The Committee also shall discuss with the external auditor the accountants' observations related to the effectiveness of the Committee.
- The Committee shall review and reassess the Charter at least annually and obtain the approval of the Board of Directors.

*Investigative authority*

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

## ANNEX 2

### **Corporate Governance, Nomination and Remuneration Committees Charter**

#### **Organization**

- This Charter shall govern the total operations, roles and responsibilities of the Corporate Governance Committee which shall perform the functions of the Nomination and Remuneration Committees as well. The Board of Directors shall appoint a Corporate Governance Committee of at least three members, consisting entirely of independent directors of the Board, and shall designate one member as chairperson or delegate the authority to designate a Chairman to the Committee. For purposes hereof, members shall be considered independent as long as they satisfy all of the independence requirements for Board Members.
- Committee shall meet separately and periodically with management, the personnel responsible for the internal audit function and the independent auditor. The Committee shall report regularly to the Board of Directors about its activities.

#### **Purpose**

The Corporate Governance Committee shall have the following purpose:

- Assist the Board in the performance of its corporate governance responsibilities, including the functions assigned to Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom should be independent directors, including the Chairman.
- Ensure compliance with and proper observance of corporate governance principles and practices.
- Perform the duties and responsibilities of the Nomination and Remuneration Committees.
- Identify individuals qualified to become Board members, and recommend to the Board director nominees for election at the next annual or special meeting of shareholders at which directors are to be elected or to fill any vacancies or newly created directorships that may occur between such meetings;
- Recommend directors for appointment to Board committees; make recommendations to the Board as to determinations of director independence;
- Oversee the evaluation of the Board;

- Oversee and set compensation for the Board of Directors; and
- Develop and recommend to the Board the Corporate Governance Guidelines and Code of Business Conduct and Ethics for the Company and oversee compliance with such Guidelines and Code

#### **Duties and responsibilities**

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

- The Committee shall oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- The Committee shall develop and recommend to the Board the Corporate Governance Guidelines and Code of Business Conduct and Ethics for Vantage Equities Inc. At least annually, the Committee shall review and reassess the adequacy of such Corporate Governance Guidelines and Code of Business Conduct and Ethics and recommend any proposed changes to the Board.
- The Committee shall be responsible for any tasks assigned to it in the Company's Corporate Governance Guidelines.
- The Committee shall oversee compliance with the Company's Corporate Governance Guidelines and Code of Business Conduct and Ethics and report on such compliance to the Board. The Committee shall also review and consider any requests for waivers of the Company's Corporate Governance Guidelines or Code of Business Conduct and Ethics for the Company's directors, executive officers and other senior financial officers, and shall make a recommendation to the Board with respect to such request for a waiver.
- The Committee shall review potential conflicts of interest involving directors and shall determine whether such director or directors may vote on any issue as to which there may be a conflict.
- The Committee shall review all related party transactions and determine whether such transactions are appropriate for the Company to undertake. If so, the Committee is authorized to approve such transactions.
- The Committee shall look into the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;



- The Committee shall ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- The Committee shall recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- The Committee shall adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- The Committee shall propose and plan relevant trainings for the members of the Board;

*Nomination Committee Responsibilities*

- The Committee shall determine the nomination and election process for Vantage Equities Inc.'s directors and has the special duty of defining the general profile of board members that the Corporation may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- The Committee shall oversee searches for and identify qualified individuals for membership on Vantage Equities Inc.'s Board.
- The Committee shall recommend to the Board criteria for Board and Board committee membership, including as to director independence, and shall recommend individuals for membership on the Company's Board and its committees. In making its recommendations for Board and committee membership,
- The Committee shall review candidates' qualifications for membership on the Board or a committee of the Board (including making a specific determination as to the independence of each candidate) based on the criteria approved by the Board (and taking into account the enhanced independence, financial literacy and financial expertise)
- The Committee shall evaluate current directors for re-nomination to the Board or re appointment to any Board committees, assess the performance of such directors;
- The Committee shall periodically review the composition of the Board and its committees in light of the current challenges and needs of the Board, the Corporation and each committee, and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background and experience;
- The Committee shall consider rotation of committee members and committee Chairmen;

*Evaluating the Board and its Committees*

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

*Remuneration Committee Responsibilities*

- The Committee shall establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.
- The Committee shall review and approve compensation (including stock option grants and other equity-based compensation) for the Corporation's directors. In so reviewing and approving director compensation, the Committee shall:
- The Committee shall identify corporate goals and objectives relevant to director compensation; and
- The Committee shall evaluate the performance of the Board in light of such goals and objectives and set director compensation based on such evaluation and such other factors as the Committee deems appropriate and in the best interests of the Corporation.
- The Committee shall evaluate the possibility that directors' independence may be compromised or impaired for Board or committee purposes if director compensation exceeds customary levels, if the Corporation makes substantial charitable contributions to an organization with which a director is affiliated, or if the Corporation enters into consulting contracts with (or provides other indirect forms of compensation to) a director (which consulting contracts or other indirect forms of compensation are expressly prohibited for Audit Committee members).

*Investigative authority*

- The Committee shall be empowered to investigate any matter brought to its attention with full access to all Company books, records and personnel, using special counsel or outside experts when necessary or appropriate.
- The Committee shall have the sole authority to retain and terminate any search firm assisting the Committee in identifying director candidates, including sole authority to approve all such search firm's fees and other retention terms. In addition, the Committee

has the sole authority to retain and terminate any compensation consultant assisting the Committee in the evaluation of director compensation, including sole authority to approve all such compensation consultant's fees and other retention terms.

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

## ANNEX 3

### Vantage Equities Inc.'s Board Charter

#### **Organization:**

Vantage Equities Inc.'s Board shall be composed of eleven (11) members or such other number as the Corporation's Articles of Incorporation shall provide. At least three (3) of the members of the Board, whichever is lesser shall be independent directors. Non-executive directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

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

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

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

Non-executive directors shall also:

- d. Review with management, performance of statutory and internal auditors, adequacy of internal control systems, adequacy of internal audit function including their structure, frequency, reporting.
- a. Recommend to Board on the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and fixation of audit fees.

#### **Purpose:**

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

**Duties & Responsibilities:**

Primary Roles of the Board of Directors

1. Performance of Duties, Power and Attributes of the Board
2. Adherence to the Code of Conduct and Business Ethics
3. Reporting Responsibility of the Management
4. Approval of Financial Statements
5. Approval of Annual Plans and Budgets

Fiduciary Duties of the Board

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

The Fiduciary roles and responsibilities of Vantage Equities Inc.'s Board are as follows:

1. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
2. Appoint competent, professional, honest and highly-motivated management officers and adopt an effective succession planning program for Management;
3. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures and establish programs that can sustain the Corporation's long-term viability and strength;
4. Periodically evaluate and monitor the implementation of its strategic policies and programs, business plans, operating budgets, including the Management's overall performance;
5. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices;
6. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation;
7. Identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;
8. Adopt a system of check and balance within the Board, conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting

- processes at all times and perform a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness;
9. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;
  10. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
  11. Constitute Nomination, Compensation and Remuneration, Audit, Risk and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;  

The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.
  12. Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities.
  13. Meet at such times or frequency as may be needed; the minutes of such meetings shall be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.
  14. Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws, and in accordance with existing laws, rules and regulations; and
  15. Provide the stockholders with a balanced and comprehensive assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect the Corporation's business, as well as reports to regulatory agencies as required by law.

*Chairman of the Board Duties and Responsibilities*

1. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
2. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
3. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
4. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
5. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
6. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

*Corporate Secretary's Duties and Responsibilities*

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

The Corporate Secretary shall be primarily responsible to the Corporation and its shareholders, and not to the Chairman or President nor the Chief Executive Officer and has, among others, the following duties and responsibilities:

1. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
2. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
3. Keeps 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;
4. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;

5. Advises on the establishment of board committees and their terms of reference;
6. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
7. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
8. Performs required administrative functions;
9. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
10. Performs such other duties and responsibilities as may be provided by the SEC.



## ANNEX 4

### Vantage Equities Inc.'s Internal Audit Charter

#### **Purpose:**

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

#### **Definition of Terms:**

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

#### **Internal Control and Risk Management Policy Statement:**

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

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

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

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

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

### **Internal Audit Duties and Responsibilities**

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

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

- a. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
- b. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- c. Performs consulting and advisory services related to governance and control as appropriate for the organization;
- d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;
- f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- g. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- h. Monitors and evaluates governance processes.

### **Chief Audit Executive Duties and Responsibilities**

Vantage Equities Inc. shall have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization.

The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, shall directly report functionally to the Audit Committee and administratively to the CEO. The following shall be the responsibilities of the CAE, among others:

- b. Shall periodically review the internal audit charter and shall present it to senior management and the Board Audit Committee for approval;
- b. Shall establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- c. Shall communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
- d. Shall spearhead the performance of the internal audit activity to ensure it adds value to the organization;
- e. Shall report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- e. Shall present findings and recommendations to the Audit Committee and shall give advice to senior management and the Board on how to improve internal processes.

## Annex 5

### BOARD ASSESSMENT FORM

<b>PART 1 - BOARD APPRAISAL</b>	Excellent	Good	Very Satisfactory	Satisfactory	Needs Improvement
The board has the right size and composition to bring the requisite knowledge, abilities, diversity and skills					
<b>Comment:</b>					
The Board possessed the right skills and background for the any issues being faced by the Corporation					
<b>Comment:</b>					
The Board has sufficient diversity and independence among its directors, allowing it to constructively challenge one another and management in carrying out respective functions and duties aligned with the Corporation's strategic directions					
<b>Comment:</b>					
The Board receives ongoing education, allowing directors to stay up to date with developments and to understand their impact					
<b>Comment:</b>					
The frequency, duration and scheduling of Board meetings per year were adequate to ensure proper coverage of the Board's responsibilities					
<b>Comment:</b>					
Meetings are effective with sufficient materials, limited presentation, and an atmosphere and an atmosphere that encourages open dialogue					
<b>Comment:</b>					
The Board has regular executive or private sessions to allow directors to discuss sensitive topics.					
<b>Comment:</b>					
The Board receives appropriate information on industry trends and business environment to enable it to have sufficient insight when considering management's proposed plan/strategy					
<b>Comment:</b>					
The Board evaluates the proposed plan/strategy including key assumptions, major risks and required resources and addresses critical issues					
<b>Comment:</b>					
The Board constructively debates proposed plan / strategy before granting approval.					
<b>Comment:</b>					

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The Board monitors the continued viability of the plan /strategy ensuring that it is adjusted as needed to respond to the evolving environment					
<b>Comment:</b>					
The Board thoroughly reviews major capital expenditures before approval and evaluates ultimate results					
<b>Comment:</b>					
The Board regularly reviews the Company's By-laws and Manual of Corporate Governance.					
<b>Comment:</b>					
The Board demonstrates commitment to good corporate governance practices and provides oversight to ensure that the Corporation is operated in a moral, legal, and ethical manner					
<b>Comment:</b>					
The Board regularly and consistently considers the interest of minority shareholders to ensure their equitable treatment in the decision making process					
<b>Comment:</b>					
The Board ensures that the Corporation has a sound and effective internal control system in place, and understands Management's role implementing such system					
<b>Comment:</b>					
There are sound policies, procedures and a system in place for related party transactions, which a dedicated Committee effectively implements					
<b>Comment:</b>					
There is a clear distinction in the roles and responsibilities between the Chairman and CEO.					
<b>Comment:</b>					

**PART II - COMMITTEE APPRAISAL**

The Board has an effective committee structure					
<b>Comment:</b>					
The delegation of power from the Board to its Committees is appropriate with their relevant corresponding Charters					
<b>Comment:</b>					
The Committees regularly provide a report to the full Board and sufficiently update the Board on recent developments or such other matters that may require the Board action					
<b>Comment:</b>					
The frequency of meetings for each Committee is sufficient, allowing its members to perform their responsibilities according to the function of the Committee.					

<b>Comment:</b>
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**PART III - INDIVIDUAL DIRECTOR APPRAISAL**

I understand and faithfully uphold the vision, mission, values and strategies of the Corporation.					
<b>Comment:</b>					
I keep myself updated on the latest best practices in corporate governance and ensure I abide by					
<b>Comment:</b>					
I avoid entering into situations where I may be placed in a conflict of interest with that of the Corporation and I promptly disclose any conflict, which may occur					
<b>Comment:</b>					
I have a good record of Board and Committee meeting attendance.					
<b>Comment:</b>					
I come to Board/Committee meetings on time, prepared and knowledgeable about the topics to be discussed					
<b>Comment:</b>					
I actively participate in Board/Committee discussions with a sense of independence and objectivity.					
<b>Comment:</b>					
I am aware of all policies and procedures the Board is subjected to and actively adopt these in my function as a member of the Board					
<b>Comment:</b>					
I am committed to accomplish all duties and responsibilities of a director and member of my Committee/s, and will perform in the best interest of the Corporation					
<b>Comment:</b>					

**PART IV - BOARD AND MANAGEMENT APPRAISAL**

The Board is comfortable with Management's (i.e. including Pres. & CEO) plans to implement the approved strategy, goals and targets and is confident and satisfied in Management's ability to carry out its responsibilities in the interest of the Corporation					
<b>Comment:</b>					
Management has in place an effective process to identify risks and assess their potential impact.					
<b>Comment:</b>					
Management informs the Board of all key risks and the Board is confident management addresses them appropriately					
<b>Comment:</b>					
The Board sufficiently challenges and supports Management.					
<b>Comment:</b>					
The Board is effective in monitoring Management's implementation of the Corporation's strategy.					
<b>Comment:</b>					
The Board devotes sufficient time and effort to meeting key company executives.					
<b>Comment:</b>					
There is open-line of communication and constructive interaction between Directors and Management.					
<b>Comment:</b>					
The Board continually monitors Management's performance against clear and measurable objectives, providing constructive feedback and reinforce Management's role in setting the tone at the top					
<b>Comment:</b>					

## Annex 4

### Vantage Equities Inc.'s Succession Planning Policy

#### **Purpose:**

The transfer of company leadership to highly competent and qualified individuals is the goal of succession planning. It is the Board's responsibility to implement a process to appoint competent, professional, honest and highly motivated management officers who can add value to the Corporation.

A good succession plan shall be linked to the documented roles and responsibilities for each position, and shall start in objectively identifying the key knowledge, skills, and abilities required for the position. For any potential candidate identified, a professional development plan shall be defined to help the individuals prepare for the job (e.g., training to be taken and cross experience to be achieved). The process shall be conducted in an impartial manner and aligned with the strategic direction of the organization.

#### **Definition of Terms:**

Succession Planning is the process of identifying long-term needs and cultivating a supply of internal talent to meet those future needs. Succession planning is used to anticipate the future needs of the organization and assist in finding, assessing and developing the human capital necessary to the strategy of the organization

Workforce planning is focused on having the right people, throughout the organization, in the right place at the right time. Succession planning is a subset of workforce planning, but is focused specifically on having the right leadership in the right place at the right time.

#### **Detailed Policies and Procedures:**

The succession planning program shall be based on an acceleration pool model, where high-potential employees are identified and provided with enhanced developmental opportunities in order to prepare them for future career opportunities. The model has seven steps:

1. Obtain leadership support.
2. Assemble a Succession Planning Team
3. Identify the leadership gaps.
4. Assess the readiness of current staff to assume those leadership positions.
5. Identify high-potential employees.
6. Diagnose their strengths and developmental needs.



7. Select and implement strategies for accelerating the development of these employees.

#### Step 1: Obtain Leadership Support

Implementing a succession planning program shall require broad-based support from top management team. The succession planning program shall require a significant time commitment from the leadership team. They shall be involved in many of the planning details, and shall be directly involved in selecting participants for the program. They may also participate as mentors and coaches.

The purpose of the program is to plan for the replacement of at least some of the members of the leadership team. A good succession planning program shall be flexible enough to accommodate the stresses that the program entails. Meaningful developmental activities may take participants away from their regular assignments on a regular basis, and perhaps for lengthy periods. Allowing participants to participate in developmental and stretch assignments shall likely cause some disruption.

#### Step 2: Identify the Succession Planning Team

Once leadership support is obtained, a broad-based oversight group shall be identified. The Succession Planning Team shall include participants with responsibilities in HR, Training and Staff Development (if not already a part of HR), and Operations. The team shall be responsible for putting together a plan that addresses all of the steps in developing your succession planning program. The team shall also be involved in implementation, monitoring and evaluating the program's success. The oversight group shall be prepared to modify and improve the program on a continuous basis.

#### Step 3: Identifying Leadership Gaps

The management team shall identify leadership gaps. It is important to do a thorough analysis of the leadership positions that are critical to the organization's ability to achieve its strategic objectives.

A comprehensive succession planning strategy shall address talent gaps created by:

- a. Expected retirements – positions where the incumbent has indicated the likelihood that they'll retire within a specified time period.
- b. Retirement eligibles – positions where incumbents are eligible for retirement within the next three to five years, but have not indicated an intention to retire.
- c. Internal promotions – where supervisors and middle managers move to higher-level leadership positions.

- d. The unexpected loss of incumbents in positions considered to be highly critical to organizational success. Besides leadership positions, this shall also include certain professional positions requiring highly specialized knowledge, skills or competencies.

#### Step 4: Assess the Readiness of Current Staff to assume Critical Leadership Positions

Vantage Equities Inc.'s management team shall do an annual internal assessment to determine the "bench strength" for critical leadership positions. The Succession Planning Team shall make a complete baseline assessment and establish a procedure for future updates.

In order to assess current leadership bench strength, the Succession Planning Team shall obtain input from managers within the organization about the readiness of staff with whom they're familiar to assume specific critical leadership positions. Two options for obtaining such data are to:

- a. Circulate a list of the positions identified as "critical" and circulate to the incumbents of those positions and ask them to provide the names of employees whom they believe are "currently ready" to assume each of the positions on the list.
- b. Ask these incumbents to identify employees who shall be ready within the next year or two. Ask incumbents what competencies or job-related experiences are necessary for these employees to become fully ready to assume the higher-level job.

The Succession Planning Team shall review the list to evaluate the recommendations, consolidate names where more than one manager has identified the same employee for a specific position, or where a specific employee has been identified for a number of different positions.

The team shall ask the incumbents of each critical position to identify the number of employees within their organizational unit who are fully ready to assume their positions if they should leave. They shall ascertain the number of employees who will be ready within the next year or two.

#### Step 5: Identify and Select High-Potential Employees

The Succession Planning process shall be able to identify positions that shall receive the highest priority in the succession planning strategy. The team shall develop an acceleration pool (sometimes called a talent pool) of high-potential employees to receive enhanced developmental experiences. By using an acceleration pool, it can increase the number of employees who shall be prepared to step into higher-level jobs.

The Succession Planning Team shall exercise care in developing a plan for selecting high-potential employees for the acceleration pool. The following shall be considered when identifying high-potential employees:

- a. The organization shall be expending significant resources on the enhanced development of those in the acceleration pool – it is important to include only those who have real potential for leadership positions.
- b. It is equally important to develop a process that shall ensure that every employee with leadership potential is fairly and thoroughly considered for participation.
- c. The selection process shall conform to certain merit system standards of fair and open competition.
- d. The organization shall ensure that the selection process results in a diverse group of employees to include in the acceleration pool.

#### Step 6: Diagnosing Strengths and Developmental Needs

The employees selected for the acceleration pool will very likely have different strengths and developmental needs. A major goal of the succession planning process is to help each individual employee learn to capitalize on his/her strengths and develop in areas where needed. Options to do this include:

- a. **360 Assessments:** A 360 assessment is a tool that provides the participant with a wealth of information about their competency-based strengths and developmental needs. The participant invites a variety of individuals familiar with their work – including their manager/s, peers, direct reports and sometimes customers – to complete anonymous evaluations on the relevant competencies. The participant also completes a self-assessment. The individual respondents' evaluations are aggregated to ensure anonymity and provided to the participant as part of the development assessment process. The 360 results shall provide the participant with a profile of strengths and developmental needs in each of the competency areas identified.
- b. **Individual Development Plans (IDPs):** In the succession planning process, IDP is used to map out the development strategy for the participant. Developing the IDP shall be a collaboration between the participant, the individual responsible for coordinating succession planning, and perhaps the supervisor and/or mentor as appropriate.

#### Step 7: Selecting and Implementing Strategies for Accelerating Development

In a competency-based system, the succession planning program shall involve a variety of developmental experiences for those being groomed for higher-level positions – all designed to improve proficiency in specific competencies. Options include:

- a. **Mentoring Programs:** Many succession planning programs include a mentoring component. In some cases, mentors are senior leaders – at least one or two levels higher in the organization and sometimes intentionally out of the chain of command – selected specifically because they have strengths in the competency areas where the participant has

developmental needs. Some mentoring programs require the mentor and mentee to develop and sign agreements spelling out the goals and expectations of each of the parties in the mentoring relationship.

- b. **Developmental Assignments:** Some succession planning programs include a component where the participant works in the area of the organization where he/she has no previous experience. Developmental assignments can last from a few days to several weeks, or even months. Sometimes the short-duration assignment simply involves a shadowing experience. However, the experience can be far more valuable when the participant is actually assigned work and has responsibilities in the new area.
- c. **Stretch Assignments:** Similar to developmental assignments, stretch assignments require the participant to take on new responsibilities, but usually within their area of technical/professional knowledge and skill. The assignment may involve working temporarily in a higher-level position, perhaps while the regular incumbent is on leave of absence, extended vacation, or during the period while a vacant position is being filled. Stretch assignments might also involve taking on new responsibilities within one's own area such as a special project or task force role.
- d. **Formal Training:** Many succession planning programs provide formal classroom training opportunities for the participant/s. Sometimes participant/s attend a university-provided (or other vendor-provided) management development program. The team can bring speakers/trainers/facilitators to provide a class or seminar in a particular competency area. Participant/s may be invited to participate in a management training curriculum normally reserved for the top executives of the agency.
- e. **Action Learning:** Action Learning is a methodology that involves assigning participants to an action-learning team where they tackle strategic business issues and make recommendations to senior management. Typically, action-learning teams are composed of participants with a variety of skills, experiences and backgrounds, with perhaps none of them having real expertise in the business issue being addressed. The action learning project usually involves a high-profile issue of significant importance to the organization, and where the team is expected to make recommendations that can actually be implemented. During the action learning experience, which can often involve full- or part-time assignments for several weeks or months, periodic coaching is provided. A primary purpose of the coaching is to encourage the participants to heighten the learning experience by introspective reflection on what they are learning from the project and the team interaction process.

*Vantage Equities Inc.'s Remuneration Policy*

**Purpose:**

To be able to attract and retain the services of qualified and competent individuals, the level of remuneration shall be sufficient, in line with the business and risk strategy, objectives, values and incorporate measures to prevent conflicts of interest. Remuneration policies promote a sound risk culture in which risk-taking behavior is appropriate. They also encourage employees to act in the long-term interest of Vantage Equities Inc., rather than for themselves or their business lines only.

**Definition of Terms:**

*Remuneration* is payment or compensation received for services or employment. This includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment. Remuneration often refers to the total compensation received by an executive, which includes not only the person's base salary but options, bonuses, expense accounts and other forms of compensation. The amount of remuneration and the form it takes is dependent on many factors, including the employee's value to the company (full-time versus part-time; executive position versus entry-level), the job type (salaried versus hourly pay; commission versus base pay; tipped positions) and the Corporation's business model (some companies offer bonuses or employee stock options while others do not).

**Remuneration Policy:**

Key considerations in determining proper compensation include the following:

- (1) The level of remuneration shall be commensurate to the responsibilities of the role;
- (2) No director shall participate in deciding on his remuneration; and
- (3) Remuneration pay-out schedules shall be sensitive to risk outcomes over a multi-year horizon.

For employees in control functions (e.g., risk, compliance and internal audit), their remuneration is determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives so as not to compromise their independence.

On annual performance and appraisal review, the individual employees and managers shall evaluate and document performance in the past year and set new goals. Decisions on adjustment, if any, of the employee's fixed salary or on annual performance-based pay shall be made on the basis of this appraisal.

The fixed remuneration shall be determined on the basis of the role and position of the individual employee, including professional experience, seniority, education, responsibility, job complexity, local market conditions, etc.

The performance-based remuneration shall be able to motivate, reward and drive the right behavior and performance according to set expectations for the employee, reflecting specific requirements for performance at the group, business unit and individual levels.

Non-monetary benefits like Health Plan and Group Life insurance shall guarantee employees a basic cover in the event of critical illness or death and pension payments upon retirement. In general, employees are covered by government-mandated retirement plan.

Other benefits shall be awarded on the basis of individual employment contracts and local market practice. As a main rule, the Group shall set guidelines in order to align benefits/routine packages offered to employees in various employment levels within in Group.

#### **Remuneration of the Board**

The remuneration of the Board shall be intended to ensure the Corporation's continued ability to attract and retain the most qualified Board members. In connection with the annual assessment of the remuneration of the Board, developments in market practice are assessed. The Remuneration Committee shall make recommendations on adjustments of the remuneration of the Board members to the Board of Directors. The members of the Board shall not be entitled to severance pay. The performance of Executive Board members shall be assessed once a year based on written performance agreements in accordance with the above described criteria containing both financial and non-financial KPIs.

*Vantage Equities Inc.'s Related Party Transaction Policy*

**Purpose:**

To ensure that every Related Party Transaction shall be conducted in a manner that will protect the Corporation from conflict of interest which may arise between the Corporation and its Related Parties;

To ensure proper review, approval, ratification and disclosure of transactions between the Corporation and any of its Related Party/ies as required in compliance with legal and regulatory requirements.

This Policy applies to any transaction where the aggregate amount involved shall be expected to exceed P1,000,000 in any fiscal year. The Corporation is a participant, and a Related Person has or shall have a direct or indirect material interest. Any exception to the policy shall be endorsed by the Audit Committee to the Board for exception approval.

The Policy may be amended at any time and is subject to further guidance from the SEC and/or actions taken by the Corporation's Board of Directors (the "Board") or the Board's Nomination, Governance and Related Party Transaction Committee.

**Definition of Terms:**

For purposes of this policy, a Related Party means-

1. DOSRI

a) Directors

b) Officers shall refer to Corporate officers

c) Stockholder shall refer to any stockholder of record in the books of the Corporation, acting personally, or through an attorney-in-fact; or any other person duly authorized by him or through a trustee designated pursuant to a proxy or voting trust or other similar contracts, whose stockholdings in the Corporation, individual and/or collectively with the stockholdings of: (i) his spouse and/or relative within the first degree by consanguinity or affinity or legal adoption; (ii) a partnership in which the stockholder and/or the spouse and/or any of the aforementioned relatives is a general partner; and (iii) corporation, association or firm of which the stockholder and/or his spouse and/or the aforementioned relatives own more than fifty percent (50%) of the total subscribed capital stock of such corporation, amount to one percent (1%) or more of the total subscribed capital stock of the Corporation.

d) Related interest

2. SUBSIDIARIES AND AFFILIATES

Corporation, association or firm in which the Corporation and/or its parent/subsidiary holds or owns at least twenty percent (20%) of the subscribed capital of such corporation, or in the equity of such association or firm.

### 3. OTHER RELATED PARTIES

- a. Any party (including their subsidiaries, affiliates and special purpose entities) that the Corporation exerts direct/indirect control over;
- b. Any party that exerts direct/indirect control over the Company;
- c. Second degree relatives by consanguinity (grandparents, grandchildren, brothers and sisters) or affinity (grandparents-in-law, brothers-in-law and sisters-in-law), legitimate or common-law, of Directors, Senior Officers with a rank of SVP or higher of the Corporation who has the ability to control or to exercise significant influence in the outcome over the defined Related Party Transactions such as Senior Officers with discretion and can influence decisions solely;
- d. Directors, Officers and Stockholders of the affiliated companies; and
- e. Second-degree relatives by consanguinity (grandparents, grandchildren, brothers and sisters) or affinity (grandparents-in-law, brothers-in-law and sisters-in-law), legitimate or common-law, of Directors, Senior Officers in affiliated companies. The persons and entities in each Related Party Group shall be determined in advance and a central inventory of all related parties of the Company shall be set up, maintained and updated from time to time to reflect subsequent changes in relationships such as a non-related party becoming a related party, promotions, resignations or retirements of company officers.

### **Related Party Transaction Policy**

#### Related Party Transactions:

Types of transactions to be covered:

- a. Credit Transactions
  - (1) On-and-off Balance Sheet lease/loan availments and claims and write-offs; and
  - (2) Borrowings.
- b. Services
  - (1) Consulting, professional, agency and other service arrangements/contracts; and
  - (2) Construction arrangements/contracts;
- c. Goods and Materials
  - (1) Purchases, sales or supply of any goods or materials
- d. Leases
  - (1) Lease arrangements/contracts
- e. Assets
  - (1) Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements)
- f. Investments
  - (1) Investments and/or subscriptions for debt/equity issuances not traded in the active market; and



(2) Establishment of joint venture entities

Materiality Threshold and Exposure Limits

This Policy applies to any transaction where the aggregate amount involved shall be expected to exceed Php1,000,000 in any fiscal year. The Corporation is a participant, and a Related Person has or will have a direct or indirect material interest. Any exception to the policy shall be endorsed by the Audit Committee to the Board for exception approval.

Terms of Related Party Transactions

To ensure that related party transactions are conducted at arm's length basis and in the ordinary course of business, the terms and conditions of the transaction shall not be more favorable than similar transactions with non-related parties. The terms and conditions shall include those relating to term, interest rates, fees, collaterals, contract/selling price and other relevant information that will allow a clear determination that no preferential treatment was given to a related party. The price discovery mechanisms used and the results obtained shall also be disclosed in the proposal

Review of Related Party Transactions

The Related Party Transactions Committee is vested with the authority to review any credit and noncredit transaction with a related party that is within the specified materiality threshold prior to the approval of the Board. To fulfill its mandate, the Committee shall conduct a comprehensive review of the transactions focusing on the terms and conditions, the business purpose, the justifications in entering into these transactions and compliance with the rules and regulations on Related Party Transactions. In determining whether to ratify or not a Related Party Transaction, the Committee shall consider the following factors, among others, to the extent relevant to the proposed Related Party Transaction:

- The terms of the Related Party Transaction are fair and on arm's length basis to the Corporation;
- The proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- The Related Party Transactions would present an improper conflict of interest for any Director or senior officers of the Corporation, taking into account the size of the transaction and the significant influence of the senior officer in the outcome of the transaction;
- The availability of other sources of comparable products or services;
- The material facts of the proposed RPT, including the proposed aggregate value of such transaction; and
- Any other information (e.g., price discovery system, etc.) the Committee deems relevant to allow determination if terms are comparable to those given to unrelated parties or reasonable under the circumstances.

After careful consideration of all these factors, the Committee shall decide if the transaction is in the ordinary course of business and meets the arm's length requirements. It shall then endorse this transaction to the Board for approval.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from the discussion and endorsement of the Related Party Transaction.

#### Approval of Related Party Transactions

The Board of Directors shall be the final approving authority for all Related Party Transactions.

The following requires prior approval of the Board:

1. All material credit and non-credit related party transactions endorsed by the Related Party Transactions Committee;
2. Any renewal or material changes in the terms and conditions of related party transactions;
3. All DOSRI transactions regardless of amount as required under existing rules;
4. All related party transactions approved by the management committees that are below the material threshold;
5. All write-offs of material exposures to related parties;
6. Breaches in internal limits for individual and aggregate exposures to related parties; and
7. Governing policy on related party transactions and all subsequent changes thereto.

All related party transactions that fall below the materiality threshold shall only require confirmation by the Board.

Any member of the Board who has an interest in the transaction must abstain from the deliberation and approval of any related party transaction.

#### Independent Oversight

To ensure compliance with internal policy and regulatory requirements, Internal Audit and the Compliance Office must perform an independent review on the effectiveness of the systems, and controls, and compliance with relevant rules and regulations governing related party transactions.

They should directly report their findings to the Board Audit Committee.

#### Reporting Related Party Transactions

A monthly report shall be submitted to the Board through the Related Party Transactions Committee for the individual and aggregate exposures to each related party including the status thereof.

*Whistle Blowing Mechanisms, Restitution of Losses and Remedies for Abusive RPTs*

Reporting & investigation of abusive RPTs shall be handled following the Company's existing code of conduct and Whistleblowing Guidelines, while restitution of losses and remedies for abusive RPTs shall be handled following the Corporation Code on Values, Ethics and Discipline.

*Vantage Equities Inc.'s Performance Management System*

**Purpose:**

The fundamental goal of performance management is to promote and improve employee effectiveness. It is a continuous process where managers and employees work together to plan, monitor and review an employee's work objectives or goals and his or her overall contribution to the organization.

**Definition of Terms:**

Performance management is a process by which managers and employees work together to plan, monitor and review an employee's work objectives and overall contribution to the organization. More than just an annual performance review, performance management is the continuous process of setting objectives, assessing progress and providing on-going coaching and feedback to ensure that employees are meeting their objectives and career goals.

**Performance Management Policy Statement:**

An effective performance management system shall be:

1. Be job specific, covering a broad range of jobs in the organization
2. Align with your organization's strategic direction and culture
3. Be practical and easy to understand and use
4. Provide an accurate picture of each employee's performance
5. Include a collaborative process for setting goals and reviewing performance based on two-way communication between the employee and manager
6. Monitor and measure results (what) and behaviors (how)
7. Include both positive feedback for a job well done and constructive feedback when improvement is needed
8. Provide training and development opportunities for improving performance
9. Ensure that employee work plans support the strategic direction of the organization
10. Establish clear communication between managers and employees about what they are expected to accomplish
11. Provide constructive and continuous feedback on performance
12. Identify and recognize employee accomplishments
13. Identify areas of poor performance and establish plans for improving performance
14. Support staff in achieving their work and career goals by identifying training needs and development opportunities
15. Support administrative decision-making about promotions, terminations, compensation and rewards
16. Provide legal documentation to demonstrate due diligence for legal challenges related to dismissal or vicarious liability (an employer can be held liable for the acts or omissions by its employees during the course of employment)

*Vantage Equities Inc.'s Risk Management Policy*

**Purpose:**

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

- a. Defining a risk management strategy;
- b. Identifying and analyzing key risks exposure relating to economic, environmental, social, and governance (EESG) factors and the achievement of the organization's strategic objectives;
- c. Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
- d. Establishing a risk register with clearly defined, prioritized and residual risks;
- e. Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;
- f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
- g. Monitoring and evaluating the effectiveness of the organization's risk management processes.

**Risk Exposure Management**

e. Credit risk

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

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

f. Liquidity risk

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

g. Market risk

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

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

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

h. Operational risk

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

## SIGNATURES

Pursuant to the requirements of SEC Memorandum Circular 19 series of 2016 on revised code of corporate governance, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Pasig on May 31, 2017.

### VANTAGE EQUITIES, INC. AND SUBSIDIARIES

By:

  
**VALENTINO C. SY**  
Chairman

  
**MA. ANGELICA D. CABANIT**  
Compliance Officer