



CashKo Insurance Brokerage Corp.

Manual of Corporate Governance

Date:

Approved By the Board of Directors on:

Contains INTERNAL Information

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INTRODUCTION

CASHKO embraces and adheres to good corporate governance practices.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and Senior Management accountable for ensuring ethical behavior - reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society.

Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

The main regulations which govern the Code of Corporate Governance or Corporate Governance Manual are:

1. SEC Code of Corporate Governance for Publicly Listed Companies under SEC Memorandum Circular No. 19 Series of 2016.

To promote the development of a strong corporate governance culture and keep abreast with recent development in corporate governance, the Commission in its en banc meeting held on November 10, 2016 resolved to approve the Code of Corporate Governance for Publicly-Listed Companies (CG Code for PLCs).

The Code superseded the following Memorandum Circulars:

- a. SEC Memorandum Circular No. 6 series of 2009 (Revised Code of Corporate Governance);
 - b. SEC Memorandum Circular No. 9 Series of 2011 (Term limits for Independent Directors);
 - c. SEC Memorandum Circular No. 20 Series of 2013 (All members of the Board of Directors and Key Officers of Publicly Listed Companies to attend Corporate Governance Trainings only with SEC accredited Training providers);
 - d. SEC Memorandum Circular No. 9 Series of 2014 (Amendment to the Revised Code of Corporate Governance); and
 - e. Parts VI (Duration of Training) and VII (Exemption from SEC Memorandum Circular 20 Series of 2013) of SEC Memorandum Circular No. 2 Series of 2015 (Additional Guidelines on Corporate Governance Training Programs and Lectures).
2. Revised Guidelines in Strengthening Corporate Governance in BSP-Supervised Financial Institutions

The Monetary Board, in its Resolution Nos. 111 and 277 dated 20 January 2012 and 16 February 2012, respectively, approved BSP Circular 749 (as amended by BSP Circular 757): the revised guidelines in strengthening corporate governance in BSP supervised financial institutions, as further amended by the Monetary Board in its Resolution No. 625 dated April 20, 2012. It is the thrust of the BSP to continuously strengthen corporate governance in its supervised financial institutions cognizant that this is central in sustaining the resiliency and stability of the financial system.

To comply with the aforementioned regulatory issuances and to be in line with best practices, CashKo, Inc. (CASHKO) and its subsidiaries adopted a formal and written Corporate Governance Manual.

In respect to the SEC Code on Corporate Governance, CASHKO adopts to comply and explain approach which combines voluntary compliance with mandatory disclosure. The Manual shall be updated as the need arises, i.e., to reflect applicable new regulatory issuances or amendment thereto or to be aligned with best practices. It is CASHKO 's desire that through this Manual, the principles of good corporate governance will be institutionalized in the entire CASHKO Group.

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I. THE BOARD'S GOVERNANCE RESPONSIBILITIES

CORPORATE GOVERNANCE CHARTER

This Charter provides the corporate governance framework and sets the platform for corporate governance policies and practices that are in place in CASHKO and to which both the Board collectively and the Directors individually are committed to consistently implement.

Policy Statement

The Board of Directors and Management, i.e., officers and staff, of CASHKO and its subsidiaries hereby commit to the principles and best practices that promote good corporate governance such as the "Principles for Enhancing Corporate Governance" issued by the Basel Committee on CASHKO being Supervision as embodied in BSP Circular 749 (as amended by BSP Circular 757) - Revised Guidelines in Strengthening Corporate Governance in BSP supervised financial institutions and the SEC Memorandum No. 19 Series of 2016 as contained in this Manual, and acknowledge that the same may properly guide the CASHKO in attaining its corporate goals and objectives.

The Shareholders, Board of Directors and Senior Management believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness and ensure compliance with corporate governance policies and practices within the organization.

Governance System

1. The Board of Directors has ultimate responsibility for CASHKO 's business and risk strategy, organization, financial soundness and governance. Accordingly, the Board should approve and monitor the overall business strategy of CASHKO , thereby taking into account the CASHKO 's long-term financial interests, its exposure to risk and its ability to manage risk effectively.

Moreover, the Board should approve and oversee the implementation of CASHKO 's:

- overall risk strategy, including its risk tolerance/appetite;
- policies for risk, risk management and compliance;
- internal control systems;
- corporate governance framework, principles and corporate values, including a code of conduct (or comparable document); and
- compensation system.

The board should also provide effective oversight of Senior Management. In discharging these responsibilities, the Board should:

- exercise sound objective judgment;
- have and maintain appropriate qualifications and competence, individually and collectively;
- follow appropriate governance practices for its own work as a board; and
- be supported by competent, robust and independent risk control functions that are subject to the Board's oversight

The internal control system shall include oversight on 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.

2. The Corporate Governance Committee assists the Board of Directors in the performance of its corporate governance responsibilities.
3. The Audit Committee assists the Board in the performance of its oversight responsibility for the institution's financial reporting policies, practices and control and internal and external audit functions. It shall be responsible for the setting up of the internal audit department and for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the audit committee.
4. The Risk Oversight Committee should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.
5. The Corporate Secretary is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of CASHKO ;
6. The Chief Compliance Officer is the lead senior officer responsible for administering the compliance program, including compliance with the Corporate Governance Manual and the rules and regulations of regulatory agencies such as but not limited to BSP, SEC, IC and AMLC.
7. The Chief Risk Officer is responsible for the identification, measurement, assessment, monitoring and management of CASHKO 's financial risk limits (credit, market, liquidity, etc.).
8. The Chief Audit Executive is responsible for reviewing the adequacy of controls established to ensure compliance with policies, plans, procedures and business objectives, in accordance with its Charter.
9. The External Auditor is an [audit professional](#) who performs an [audit](#) in accordance with specific laws or rules on the [financial statements](#) of a [company, government](#) entity, other [legal entity](#) or [organization](#), and who is independent of the entity being audited. Users of these entities' financial information, such as investors, government agencies, and the general public, rely on the external auditor to present an unbiased and independent [audit report](#).
10. Management - a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation. Under the direction of the Board, they should ensure that the CASHKO 's activities are consistent with the business strategy, risk tolerance/appetite and policies approved by the Board. In this regard, Senior Management should implement appropriate systems for managing both financial and non-financial risks to which CASHKO is exposed, including a comprehensive and independent risk management function and an effective system of internal controls.

Corporate Governance Policies and Standards

Good corporate governance and transparency are fundamental to achieving CASHKO 's vision of becoming one of the leading Operator of Payment System in the country.

CASHKO strives for excellence in its products and services and in the way it does business throughout all its operations and this process commences with its Board of Directors, the Senior Management team and all its employees regardless of location through its endeavor. This applies equally to transparency accuracy and integrity in reporting and meeting the expectations of regulators, shareholders and the public - regardless of whether this relates to financial performance reports and accounting procedures, product and standards, ethics in dealings with customers, co-workers and the public, or behaving in a safe and environmentally responsible manner.

CASHKO shall continually formulate and implement corporate governance policies that will strengthen and support the achievement of its corporate goals and objectives, of which increasing shareholders' value, giving excellent service to customers and complying to laws, rules and regulations are of primary importance.

Information Access Management

To enable the Board to operate effectively and properly fulfill their duties and responsibilities, Management shall provide them access to complete, accurate and timely information about the matters to be taken up in their regular and special board meetings and in regular briefings/meetings with Senior Management. In order to achieve this, the Board ensures that an effective information framework exists throughout the organization and that a suitable information access system is in place to ensure that important information always reaches them on time.

The Board members should take responsibility for ensuring they have the right/necessary information. Information shall be submitted to the Board through formal and informal channels and both need to be structured and organized so that Management and support staff know exactly what information is to be provided. Reliance on information volunteered by Management would not be sufficient in all circumstances. Hence, the Board shall be given independent access to Management and the Corporate Secretary for information which may include the background or explanation on matters brought before the Board, disclosures, budgets, forecast and internal financial documents.

The members, either individually or as a Board, should have access to independent professional advice at the corporation's expense.

Accountability and Audit

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a periodic basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with guidelines prescribed by applicable rules and regulations.

Internal control is a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.

The Board, after consultation with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of CASHKO, and shall provide an objective assurance on the manner by which the financial statements are 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.

Stockholders' Rights and Protection of Stockholders' Minority Interests

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

- i. Right to vote on all matters that require their consent and approval;
- ii. Pre-emptive right to all stock issuances of the corporation;
- iii. Right to inspect corporate books and records
- iv. Right to information
- v. Right to dividends
- vi. Appraisal right

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

All shareholders, including minority shareholders, shall have the right to nominate candidates for the Board of Directors.

Governance Self-Rating System

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

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

Disclosure and Transparency

The essence of corporate governance is transparency. CASHKO shall therefore publicly and timely disclose all material information which could adversely affect its viability or the interests of its stockholders and other stakeholders. Such information should include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Securities and Exchange Commission, Philippine Stock Exchange, Bangko Sentral ng Pilipinas, Bureau of Internal Revenue and other regulatory agencies, for the interest of its stockholders and other stakeholders.

INFORMATION ACCESS MANAGEMENT

Information Filtering

For the Board to operate effectively and properly fulfill their duties and responsibilities, Management shall provide them access to complete, accurate and timely information about the matters to be taken up in their regular and special board meetings and in regular briefings/meetings with Senior Management to allow proper analysis and decision-making. In order to achieve this, it is necessary for the Board to ensure that an effective information framework exists throughout the organization and that a suitable information access system is in place to ensure that important information always reaches them on time. The Board members should take responsibility for ensuring they have the right/necessary information. Information shall be submitted to the Board through formal and informal channels and both need to be structured and organized so that Management and support staff know exactly what information is to be provided.

Timely submission of information

Lengthy and complex documents and financial statements need to be provided to directors in sufficient time (at least 3 days) for the director to assimilate the information before any subsequent discussions.

Formal Information Channels

Information will be submitted to the Board through formal channels such as regular and special board meetings, regular briefings, structured presentations and other official documents.

Informal Information Channels

Information may also be submitted to the Board through informal channels such as telephone, e-mails, secured social media apps, informal discussions and meetings with Management, informal gatherings, etc.

Information Framework

Information needs to be accurate, timely and meaningful. It is important to set up a structured process for handling information throughout the organization and ensuring that information that needs to be communicated to the Board members is done in an effective manner.

Regular Briefing Sessions

Board members should individually and collectively hold regular briefing sessions with Senior Management to ensure that they are in touch with current activities and events throughout the organization and to provide Management with information that they require to carry out their duties.

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BOARD CHARTER

Compliance with the principles of good governance shall start with the Board of Directors. The Board Charter, which shall serve as a guide to the Board of Directors on how to discharge their functions, mainly states the roles, responsibilities and accountabilities of which the Board of Directors should consistently and properly perform.

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

Definition of Directors

Directors shall include:

- 1) directors who are named as such in the Articles of Incorporation;
- 2) directors duly elected in subsequent meetings of the stockholders or those appointed by virtue of the charter of government-owned CASHKO s; and
- 3) those elected to fill vacancies in the Board of Directors.

Executive Director (ED)

He is a director who is also the head of a department or unit of the corporation or performs any work related to its operation. He directly manages/ has executive responsibility of day-to-day operations of a part or the whole of the organizations.

Non-Executive Director (NED)

He is a director who has no executive responsibility and does not perform any work related to the operations of the corporation.

Independent Director (ID)

In general, an independent director is a person who is independent of Management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. He is a person who, apart from his fees and shareholdings, is independent of Management and the controlling shareholder, and is free from any business or other relationship which could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. He lends impartial views on the assumptions, recommendations and reports submitted by Management and renders unbiased decisions on matters that pose potential conflict of interest (e.g. transactions with related parties).

Independent Directors shall possess a good general understanding of the industry and that independence and competence should go hand-in-hand. Non-executive directors, including independent directors, must possess the qualifications and stature that would enable them to effectively and objectively participate in the deliberations of the Board.

- 1) In particular, an independent director of CASHKO shall mean a person who –

- 2) is not or was not a director, officer, or employee of the OPS and the payment system participants [For the purpose of these guidelines a payment system participant includes payment service providers (PSPs) and critical service providers (CSPs)] their subsidiaries, affiliates, or related interests during the past three (3) years counted from the date of his election/appointment:
- 3) is not or was not a director, officer or employee of the OPS and the payment system participants' substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
- 4) is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the OPS or of the payment system participants, or in any of their related companies or of their majority corporate stockholders;
- 5) is not a close family member of any director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the board of directors of the OPS, or of the payment system participants, or any of their related companies, or any of their substantial stockholders;
- 6) is not acting as a nominee or representative of any director or substantial stockholder of the OPS, or of the payment system participants, or any of their related companies, or any of their substantial stockholders;
- 7) is not or was not retained as a professional adviser, consultant, agent, or counsel of the OPS, or of the payment system participants, or any of their related companies, or any of their substantial stockholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election;
- 8) is free from any business or other relationship with the OPS, the payment system participants, and any of their related companies or with any of their substantial stockholders, unless transactions are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
- 9) was not appointed by the OPS. or by the payment system participants, their subsidiaries, affiliates, or related interests as Chairman "Emeritus", "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment;
- 10) is not affiliated with any non-profit organization that receives significant funding from the OPS or from the payment system participants or any of their related companies or substantial stockholders; and
- 11) is not employed as an executive officer of another company where any of the executives of the OPS or of the payment system participants serve as directors.

The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should 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.

Definition of Independence

Independence, viewed in the light of the duties and responsibilities of the Board and its members, shall mean the freedom from any business or other relationship with CASHKO which could interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Lead Independent Director

The lead independent director shall be designated from among the Independent Directors, He shall have sufficient authority to lead the Board in cases where Management has clear conflicts of interest. His functions 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.

Composition of the Board of Directors (BOD)

The BOD of CASHKO consists of five (5) directors, including independent directors. In accordance with regulations, membership to the Board shall be subject to the following limits and other requirements:

- (a) The Board shall be composed of at least five (5) but not more than fifteen (15) members who are elected by the stockholders, Provided, That in the case of a CASHKO merger or consolidation, the number of directors may be increased up to the total number of the members of the board of directors of the merging or consolidating CASHKO as provided for in the respective Articles of Incorporation, but in no case to exceed twenty-one (21). The Board shall determine the appropriate number of its members to ensure that the number thereof is commensurate with the size and complexity of the CASHKO 's operations;
- (b) At least twenty percent (20%) of the members of the board of CASHKO shall be Independent Directors, but in no case shall be less than one (1). Provided, that any fractional result from applying the minimum proportion (i.e., 20%) shall be rounded up to the nearest whole number.
- (c) Non-Filipino citizens may become members of the Board to the extent of the foreign participation in the equity of the CASHKO, Provided, majority of the directors are residents of the Philippines.
- (d) Membership may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. Majority of the member shall be non-executive directors who possess the necessary qualifications and stature that would enable them to effectively participate in the

deliberation and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances in

Powers of the Board of Directors

The corporate powers of CASHKO shall be exercised, its business conducted and all its property controlled and held, by its board of directors. The powers of the Board of Directors as conferred by law are original and cannot be revoked by the stockholders. The directors hold their office charged with the duty to exercise sound and objective judgment for the best interest of CASHKO.

General Responsibility of the Board of Directors

The position of a CASHKO director is a position of trust. A director assumes certain responsibilities to different constituencies or stakeholders, i.e., CASHKO itself, its stockholders, its depositors and other creditors, its Management and employees, the regulators, deposit insurer and the public at large. These constituencies or stakeholders have the right to expect that the institution is being run in a prudent and sound manner.

The two key elements of the fiduciary duty of board members are 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. In exercising the duty of loyalty, board members should act in the interest of the company and all its shareholders, and not those of the controlling company of the group or any other stakeholder.

The Board is primarily responsible for the governance of CASHKO. It shall foster the long-term success of CASHKO and secure its sustained competitiveness and profitability in a manner consistent with its corporate objectives and best interests of its stockholders and other stakeholders. The Board shall review and guide corporate strategy, major plans, set performance objectives, monitor implementation and corporate performance, and oversee major capital expenditures, acquisition and divestitures, in order to sustain the company's long-term viability and strength. Further, the Board of Directors is also responsible for monitoring and overseeing the performance of Senior Management as the latter manages day to day affairs of the institution.

The Board shall periodically review the corporate vision and mission statements to ensure that they remain reflective of and accurately embody CASHKO's purposes, goals and direction.

While management of the day-to-day affairs of CASHKO is the responsibility of Management, the Board is responsible for monitoring and overseeing management actions.

Accountability of the Board of Directors

The Board is primarily accountable to the stockholders and stakeholders in ensuring that CASHKO is being run in a prudent and sound manner.

For the stockholders, the Board shall:

- Be transparent and fair in the conduct of the annual and special meetings of stockholders;

- Promote the rights of the stockholders, removing impediments to the exercise of the rights. Stockholders shall seek redress through CASHKO 's Office of the Corporate Secretary or the Investor Relations Office for breach of their rights;
- Take appropriate steps to remove excessive or unnecessary costs or other administrative impediments to the meaningful participation of stockholders in meetings, whether in person or by proxy.
- Provide stockholders with accurate and timely information to enable them to make sound judgment on all matters brought to their consideration for approval;
- Provide the stockholders with a comprehensive and balanced assessment of CASHKO's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.
- Treat all stockholders equally, without discrimination.

For the stakeholders, the Board shall:

- Provide its employees the necessary employee benefit programs for their safety, health and welfare. To equip the employees in carrying out its function and duties, CASHKO offers continuous training and development.
- CASHKO consider its employees as one of the most important assets, therefore it recognizes everyone's contribution through rewards and compensation to encourage employees to perform better and motivates them to take a more dynamic role in the corporation.
- Recognize the important roles of its customers, creditors, Management and employees, the regulators, deposit insurer, suppliers, other business partners and the public at large in relation to the business and operations of CASHKO.

Stakeholders refers to any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

Specific Duties and Functions of the Board of Directors

To ensure a high standard of best practice for the CASHKO, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of its duties and functions:

(1) To approve and monitor the implementation of strategic objectives.

Consistent with the institution's strategic objectives, business plans and programs, with guidelines for major capital expenditures, shall be established for CASHKO including its trust operations, and initiatives thereto shall be implemented with clearly defined responsibilities and accountabilities. These shall take into account CASHKO 's long-term financial interests, its level of risk tolerance and its ability to manage risks effectively. The board shall establish a system for measuring performance against plans through regular monitoring and reviews, with corrective action taken as needed.

The board shall likewise ensure that CASHKO has beneficial influence on the economy by continuously providing services and facilities which will be supportive of the national economy.

(2) To approve and oversee the implementation of policies governing major areas of operations.

The board shall approve policies on all major business activities, e.g., investments, loans, capital management, asset and liability management, trust, business planning and budgeting. The board shall accordingly define CASHKO 's level of risk tolerance in respect of said activities. A mechanism to ensure compliance with said policies shall also be provided.

The board shall set out matters and authorities reserved to it for decision, which include, among others major capital expenditures, equity investments and divestments. The board shall also establish the limits of the discretionary powers of each officer, committee, sub-committee and such other groups for purposes of lending, investing or any other financial undertaking that exposes CASHKO to significant risks.

(3) To approve and oversee the implementation of a sound Enterprise Risk Management policies.

The board of directors shall be responsible for defining CASHKO 's level of risk tolerance and for the approval and oversight of the implementation of policies and procedures relating to the management of risks throughout the institution, including its trust operations. The risk management policy shall include:

- a) a comprehensive risk management approach;
- b) a detailed structure of limits, guidelines and other parameters used to govern risk-taking;
- c) a clear delineation of lines of responsibilities for managing risk;
- d) an adequate system for measuring risk; and
- e) effective internal controls and a comprehensive risk-reporting process

The board of directors shall ensure that a robust internal reporting system is in place that shall enable each employee to contribute to the appreciation of the CASHKO 's overall risk exposures.

The board of directors shall ensure that the risk management function is given adequate resources to enable it to effectively perform its functions i.e. adequate personnel, access to information technology systems and systems development resources, and support and access to internal information.

(4) To oversee selection and performance of Senior Management.

It is the primary responsibility of the Board of Directors for approving the selection to appoint competent Management team at all times, monitor and assess the performance of the Management team led by the Chief Executive Officer (CEO) based on established performance standards that are consistent with the CASHKO 's strategic objectives, and conduct regular review of the CASHKO 's policies with the Management team.

- a. The board of directors shall apply fit and proper standards on key personnel. Integrity, technical expertise and experience in the institution's business, either current or

planned, shall be the key considerations in the selection process. And because mutual trust and a close working relationship are important, the members of Senior Management shall uphold the general operating philosophy, vision and core values of the institution. The board of directors shall replace members of Senior Management, when necessary, and have in place an appropriate plan of succession.

- b. The board of directors shall regularly monitor the actions of Senior Management and ensure that these are consistent with the policies that it has approved. It shall put in place formal performance management framework to ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set. The performance standards shall be consistent with CASHKO 's strategic objectives and business plans, taking into account CASHKO 's long-term financial interests. Results of the performance evaluation 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.
- c. The board of directors shall regularly meet with Senior Management to engage in discussions, question and critically review the reports and information provided by the latter. The board of directors shall set the frequency of meeting with Senior Management taking into account the size, complexity of operations and risk profile of CASHKO.
- d. The board of directors shall regularly review policies, internal controls and self-assessment functions (e.g., internal audit, risk management and compliance) with Senior Management to determine areas for improvement as well as to promptly identify and address significant risks and issues. The board of directors shall set the frequency of review taking into account the size, complexity of operations and risk profile of CASHKO.
- e. The board of directors shall ensure that Senior Management's expertise and knowledge shall remain relevant given the CASHKO 's strategic objectives, complexity of operations and risk profile.

(5) To consistently conduct the affairs of the institution with a high degree of integrity.

Since reputation is a very valuable asset, it is in the institution's best interest that in dealings with the public, it observes a high standard of integrity. The board of directors shall lead in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the Senior Management and other employees. The board of directors shall:

- (a) Articulate clear policies on the handling of any transaction with DOSRI (Directors, Officers, Stockholders, and related Interests) and other related parties ensuring that there is effective compliance with existing laws, rules and regulations at all times and no stakeholder is unduly disadvantaged. In this regard, the Board of Directors shall define "related party transaction", which is expected to cover a wider definition than DOSRI under existing regulations and a broader spectrum of transactions (i.e., not limited to

credit exposures), such that relevant transactions that could pose material risk or potential abuse to CASHKO and its stakeholders are captured.

- (b) Require CASHKO's stockholders to confirm by majority vote, in the annual stockholders' meeting, CASHKO's significant transactions with its DOSRI and other related parties.
 - (c) Articulate acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the institution, or unethical conduct.
 - (d) Articulate policies that will prevent the use of the facilities of CASHKO in furtherance of criminal and other improper or illegal activities, such as but not limited to financial misreporting, money laundering, fraud, bribery or corruption.
 - (e) Explicitly discourage the taking of excessive risks as defined by internal policies and establish an employees' compensation scheme effectively aligned with prudent risk taking. The compensation scheme shall be adjusted for all types of risk and sensitive to the time horizon of risk. Further, the grant of compensation in forms other than cash shall be consistent with the overall risk alignment of CASHKO. The Board of Directors shall regularly monitor and review the compensation scheme to ensure that it operates and achieves the objectives as intended.
 - (f) Allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices directly to the Board of Directors or to any independent unit. Policies shall likewise be set on how such concerns shall be investigated and addressed, for example, by an internal control function, an objective external party, Senior Management and/or the Board itself.
 - (g) Articulate policies in communicating corporate values, codes of conduct and other standards in the CASHKO as well as the means to confidentially report concerns or violations to an appropriate body.
- (6) To ensure proper communication with various stakeholders
- (a) The Board shall establish and maintain an investor relations program that will keep the stockholders informed of important developments in CASHKO.
 - (b) The Board shall identify the stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.
- (7) *To define appropriate governance policies and practices for CASHKO and for its own work and to establish means to ensure that such are followed and periodically reviewed for ongoing improvement.*

The board of directors, through policies and its own practices, shall establish and actively promote, communicate and recognize sound governance principles and practices to reflect a culture of strong governance in CASHKO as seen by both internal and external stakeholders.

- (a) The board of directors shall ensure that CASHKO 's organizational structure facilitates effective decision making and good governance. This includes clear definition and delineation of the lines of responsibility and accountability, especially between the roles of the Chairman of the Board of Directors and Chief Executive Officer/President.
- (b) The board of directors shall maintain, and periodically update, organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities.
- (c) The board of directors shall structure itself in a way, including in terms of size, frequency of meetings and the use of committees, so as to promote efficiency, critical discussion of issues and thorough review of matters. It shall meet-regularly to properly discharge its functions. It shall also ensure that independent views in board meetings shall be given full consideration and all such meetings shall be duly minuted.
- (d) The board shall conduct and maintain the affairs of the institution within the scope of its authority as prescribed in its charter and in existing laws, rules and regulations. It shall ensure effective compliance with the latter, which include prudential reporting obligations. Serious weaknesses in adhering to these duties and responsibilities may be considered as unsafe and unsound practice. The board shall appoint a compliance officer who shall be responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations. The compliance officer shall be vested with appropriate authority and provided with appropriate support and resources.
- (e) The board of directors shall establish a system of checks and balances which applies in the first instance to the Board itself. Among the members of the Board, an effective system of checks and balances must exist. The system shall also provide a mechanism for effective check and control by the Board over the chief executive officer and key managers and by the latter over the line officers of CASHKO. Checks and balances in the Board shall be enhanced by appointing a chairperson who is a non-executive, whenever possible.
- (f) The board of directors shall assess at least annually its performance and effectiveness as a body, as well as its various committees, the Chairman, the chief executive officer, the individual directors, and the CASHKO itself, which may be facilitated by the Nominations and Remuneration committee or external facilitators. The composition of the Board shall also be reviewed regularly with the end in view of having a balanced membership. Towards this end, a system and procedure for evaluation shall be adopted which shall include, but not limited to, the setting of benchmark and peer group analysis.

Every three years, the assessment of performance of the Chairman, individual members of the Board and BOD-level committees should *be* supported by an external facilitator, who can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.

- (g) The board shall ensure that individual members of the Board and the shareholders are accurately and timely informed. It shall provide all its members and to the shareholders a comprehensive and understandable assessment of CASHKO 's performance, financial condition and risk exposures. All members of the Board shall have reasonable access to

any information about the institution at all times. It shall also provide appropriate information that flows internally and to the public.

(8) To constitute committees to increase efficiency and allow deeper focus in specific areas.

The board of directors shall create committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities, the number and nature of which would depend on the size of the CASHKO and the Board, the complexity of operations, long-term strategies and risk tolerance level of the CASHKO.

- (a) The board of directors shall approve, review and update at least annually or whenever there are significant changes therein, the respective charters of each committee or other documents that set out its mandate, scope and working procedures.
- (b) The board of directors shall appoint members of the committees taking into account the optimal mix of skills and experience to allow the members to fully understand, be critical and objectively evaluate the issues. In order to promote objectivity, the Board of Directors, shall appoint independent directors and non-executive members of the Board to the greatest extent possible while ensuring that such mix will not impair the collective skills, experience, and effectiveness of the committees.
- (c) The board of directors shall ensure that each committee shall maintain appropriate records (e.g., minutes of meetings or summary of matters reviewed and decisions taken) of their deliberations and decisions. Such records shall document the committee's fulfillment of its responsibilities and facilitate the assessment of the effective performance of its functions.
- (d) The board of directors shall constitute, at a minimum, the following committees:
 - (i) Audit Committee.
 - (ii) Risk Oversight Committee.
 - (iii) Corporate Governance Committee.

(9) To effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors.

The board of directors shall recognize and acknowledge the importance of the assessment of the independent, competent and qualified internal and external auditors as well as the risk and compliance officers in ensuring the safety and soundness of the operations of CASHKO on a going-concern basis and communicate the same through-out CASHKO. This shall be displayed by undertaking timely and effective actions on issues identified.

Further, non-executive board members shall meet regularly, other than in meetings of the audit and risk oversight committees, in the absence of Senior Management and any Executive Directors, with the external auditor and heads of the internal audit, compliance and risk management functions. The meetings should be chaired by the Independent Director.

(10) To perform independent oversight over controls and system of checks and balances to ensure high quality of the external audit function in relation to the audited financial statements of CASHKO , such as:

- (a) Adequate governance structures and control processes related to the different activities of CASHKO are established and complied with, including:
 - (i) Systems that accurately identify and measure all material risks and adequately monitor and control these risks;
 - (ii) Adequate internal controls, organizational structures and accounting procedures leading to a suitable control environment aimed at meeting CASHKO 's prescribed corporate strategy, performance, information system and compliance objectives;
 - (iii) The evaluation of the quality of assets and their proper recognition and measurement; and
 - (iv) Requirements on the gathering and disclosure of material and relevant information on financial accounts including related party transactions.
- (b) Adequate governance structures and control processes for areas or exposures that may pose significant risk to the CASHKO such as fair value measurement and financial instruments. The Board's oversight responsibilities for CASHKO 's use of fair value accounting include:
 - (i) Reviewing and approving written policies related to fair valuations;
 - (ii) Continuing review of significant valuation model performance for issues escalated for resolution and all significant changes to valuation policies;
 - (iii) Ensuring adequate resources are devoted to the valuation process;
 - (iv) Articulating CASHKO 's tolerance for exposures subject to valuation uncertainty and monitoring compliance with the Board's overall policy settings at an aggregate firm wide level;
 - (v) Ensuring independence in the valuation process between risk taking and control units;
 - (vi) Ensuring appropriate internal and external audit coverage of fair valuations and related processes and controls;
 - (vii) Ensuring consistent application of accounting standards and disclosures within the applicable accounting framework;
 - (viii) Ensuring the identification of significant differences, if any, between accounting and risk management measurements and their proper documentation and monitoring; and

- (ix) Ensuring adequate documentation of significant differences between the valuations used for financial reporting purposes and for regulatory purposes.
- (c) Appropriate management information systems are established; and
- (d) The interests of stakeholders are adequately protected.

(11) In group structures, the Board of Directors of the parent company shall have the overall responsibility for defining an appropriate corporate governance framework that shall contribute to the effective oversight over entities in the group. Towards this end, the Board of Directors of the parent company shall ensure consistent adoption of corporate governance policies and systems across the group and shall carry-out the following duties and responsibilities:

- (a) To define and approve appropriate governance policies, practices and structure that will enable effective oversight of the entire group, taking into account nature and complexity of operations, size and the types of risks to which CASHKO and its subsidiaries are exposed. The board shall also establish means to ensure that such policies, practices and systems remain appropriate in light of the growth, increased complexity and geographical expansion of the group. Further, it shall ensure that the policies include the commitment from the entities in the group to meet all governance requirements.
- (b) To define the level of risk tolerance for the group, which shall be linked to the process of determining the adequacy of capital of the group.
- (c) To ensure that adequate resources are available for all the entities in the group to effectively implement and meet the governance policies, practices and systems.
- (d) To establish a system for monitoring compliance of each entity in the group with all applicable policies, practices and systems.
- (e) To define and approve policies and clear strategies for the establishment of new structures.
- (f) To understand the roles, the relationships or interactions of each entity in the group with one another and with the parent company. The board of directors shall understand the legal and operational implications of the group structure and how the various types of risk exposures affect the group's capital, risk profile and funding under normal and contingent circumstances.
- (g) To develop sound and effective systems for generation and sharing of information within the group, management of risks and effective supervision of the group.
- (h) To require the risk management, compliance function and internal audit group to conduct a periodic formal review of the group structure, their controls and activities to assess consistency with the Board approved policies, practices and strategies and to require said groups to report the results of their assessment directly to the Board.

- (i) To disclose to the Bangko Sentral ng Pilipinas (BSP) all entities in the group (e.g., owned directly or indirectly by the parent company and/or its subsidiaries/affiliates including special purpose entities (SPEs), and other entities that exerts control over or those that exert control over CASHKO , or those that are related to CASHKO and/or its subsidiaries/affiliates either through common ownership/directorship/officership) as well as all significant transactions between entities in the group involving any BSP regulated entity. For this purpose, significant shall refer to transactions that would require board approval based on CASHKO 's internal policies or as provided under existing regulations: *Provided*, that CASHKO shall continue to submit any report required under existing regulations covering transactions between companies within the group.

Specific Duties and Responsibilities of a Director/Board Member

To ensure a high standard of best practice for the CASHKO, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of its duties and functions:

1. *To remain fit and proper for the position for the duration of his term.*

A director is expected to remain fit and proper for the position for the duration of his term. He should possess unquestionable credibility to make decisions objectively and resist undue influence. He shall treat board directorship as a profession and shall have a clear understanding of his duties and responsibilities as well as his role in promoting good governance. Hence, he shall maintain his professional integrity and continuously seek to enhance his skills, knowledge and understanding of the activities that the CASHKO is engaged in or intends to pursue as well as the developments in the banking industry including regulatory changes through continuing education or training.

2. *To conduct fair business transactions with CASHKO and to ensure that personal interest does not bias board decisions.*

Directors should, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institution cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. The basic principle to be observed is that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that would compromise his impartiality.

3. *To act honestly and in good faith, with loyalty and in the best interest of the institution, its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and the general public.*

A director must always act in good faith, with the care which an ordinarily prudent man would exercise under similar circumstances. While a director should always strive to promote the interest of all stockholders, he should also give due regard to the rights and interests of other stakeholders.

4. *To devote time and attention necessary to properly discharge their duties and responsibilities.* Directors should devote sufficient time to familiarize themselves with the institution's business.

They must be constantly aware of the institution's condition and be knowledgeable enough to contribute meaningfully to the Board's work. They must attend and actively participate in board and committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give sufficient time and attention to the affairs of the institution, he should neither accept his nomination nor run for election as member of the Board.

5. *To act judiciously.*

Before deciding on any matter brought before the BOD, every director should thoroughly evaluate the issues, ask questions and seek clarifications when necessary.

6. *To contribute significantly to the decision-making process of the Board.*

Directors should actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of such board.

7. *To exercise independent judgment.*

A director should view each problem/situation objectively. When a disagreement with others occurs, he should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollary, he should support plans and ideas that he thinks will be beneficial to the institution.

8. *To have a working knowledge of the statutory and regulatory requirements affecting the institution, including the content of its articles of incorporation and by-laws, the requirements of the BSP and where applicable, the requirements of other regulatory agencies.*

A director should also keep himself informed of the industry developments and business trends in order to safeguard the institution's competitiveness.

9. *To observe confidentiality.*

Directors must observe the confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person without the authority of the Board.

Directors and/or Board members are mandated to uphold and promote the principles of CASHKO 's Code of Business Ethics for Members of the Board of Directors approved by the **Board on _____ incorporated in this Manual as Annex 1.**

CHAIRMAN OF THE BOARD OF DIRECTORS

The role of the Chairman of the Board and the Chief Executive Officer (CEO) shall be kept separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.

Duties and Responsibilities of the Chairman of the Board

The Chairman of the Board shall:

1. *Provide leadership in the Board of Directors.*

The Chairperson of the Board shall ensure effective functioning of the Board, including maintaining a relationship of trust with board members.

2. *Ensure that the Board takes an informed decision.*

The Chairperson of the Board shall ensure a sound decision making process and he should encourage and promote critical discussions and ensure that dissenting views can be expressed and discussed within the decision-making process.

3. Ensure that meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;

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

5. Maintain open and timely lines of communication and information between the Board and Management.

6. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;

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

8. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

9. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and

10. Makes sure that performance of the Board is evaluated at least once a year and discussed/ followed up on.

Deliverables of the Chairman of the Board

- 1) Lead in setting the long-term strategy and updating the mission and vision statements of the institution;
- 2) Compliance of members to assignments on meetings per agenda, in accordance with by-laws and regulatory requirements;
- 3) Lead in compliance with the principles of good governance;
- 4) Lead in maintaining good corporate citizenship.

TRAINING POLICY FOR BOARD OF DIRECTORS

General Policy Guidelines:

1. As deemed necessary, funds shall be allocated by the Treasurer or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize the Corporate Governance Manual.
2. The Corporate Governance Committee shall submit the recommendations for continuing education of Board members to improve the effectiveness in the performance of their functions and in particular in consideration of their assignment to Board committees.
3. The Committee can seek the assistance of CASHKO 's Human Resource Department and Compliance Department in identifying the Board members' training needs and look for or develop programs designed to meet specific board needs thereby deepening the Board's knowledge of CASHKO 's operations and financial status and risk exposures and the industry and external forces and developments, and create a healthier working relationship between Management and the Board.
4. The Training Program for the Board of Directors shall cover the pre-requisite seminar before assumption of BOD office/function and continuing education and developmental training conducted by qualified professionals.
5. Orientation Program for the new Directors shall cover BSP and SEC-mandated topics on corporate governance and the introduction to the Company's business, Articles of Incorporation, and the Code of Conduct which shall take at least eight hours. The annual continuing training program of Directors, which shall be at least for four hours shall cover courses on corporate governance matters relevant to the company, including audit, internal controls, anti-money laundering, combating the financing of terrorism, risk management, sustainability and strategy.
6. Senior Management shall provide training support to the BOD through regular briefings on new regulatory issuances and updates on status of compliance program and other business initiatives.
7. A training plan shall be crafted through CASHKO 's Human Resource Department and Compliance Department, subject to approval of the Corporate Governance Committee and Confirmation of the Board of Directors.

SAMPLE TRAINING PLAN FOR BOARD MEMBERS

A. Pre-requisite Training

A director shall be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute, before assuming and performing his function as such.

B. Continuing Developmental Education

Through External Seminars/Trainings:

- i. Financial Literacy Programs
 - Assessing the Quality of Earnings and Financial Position
 - Overview of Philippine & International Financial Reporting Standards
 - Risk Oversight: Creating the Risk Intelligent Board
 - Internal Control Concepts
- ii. Director Development
 - Board Fiduciary Duties
 - Board Form and Function
 - Executive Development and Succession Strategies
 - Executive and Director Compensation
 - Developing a Value-Driven Board Evaluation Program
- iii. Customized Training Program
 - The board's role in the development of strategy
 - Improving the Board's decision-making process
 - Understanding enterprise risk and creating the "risk intelligent" board
 - Value-driven ethics and compliance programs
 - Assessing earnings quality
 - The board's role in responding to a crisis
 - Executive development and succession planning
 - Emerging trends in executive compensation
 - The board's role in mergers and acquisitions
 - Assessing fraud risk and setting the tone at the top
 - Anti-money laundering and combating the financing of terrorism
 - Managing competing values in environments of dynamic change
 - Industry-specific and competitive developments

During Senior Management Meetings/Briefings

- i. Regulatory Update

- ii. Ethics and Compliance Program Oversight

Conduct of Board Meetings

The Board shall hold regular and special meetings in accordance with the By-Laws. Unless otherwise stated in the By-Laws, a quorum at any meeting shall consist of a majority of the entire membership of the Board and a majority of such quorum shall decide every question or matter duly submitted at such meeting.

- a. *Full board of directors' meetings*

The meetings of the board of directors may be conducted through modern technologies, using video conferencing at a minimum, as long as the director who is taking part in the said meetings can actively participate in the discussions and deliberations, if any: Provided, that every member of the board of directors shall physically or virtually take part in at least fifty percent (50%) of all meetings every year. Provided further, that attendance and participation of members in committee meetings shall be considered in the assessment of continuing fitness and propriety of each director as member of board-level committees and the board of directors and that the absence of a director in more than fifty percent (50%) of all meetings of the board of directors during his incumbency is a ground for disqualification in the succeeding election.

- b. *Board-level committee meetings*

A board-level committee shall meet as prescribed in its charter. The participation of committee members may likewise be in person or through modern technologies.

- c. *Minutes of the meetings*

Detailed record or minutes of the meeting shall be maintained by the corporate or board secretary to ensure all relevant issues were discussed during board meetings. Members of the board shall sign (physically or electronically) or approve the minutes of the meeting.

A director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same. The abstention of a director from participating in the deliberation of related party transactions, self-dealings or any transactions or matters on which he has material interest is a fundamental principle to be observed to ensure that the Board is acting in the best interest of CASHKO and the shareholders.

Meeting of Non-Executive Director

The non-executive directors (NEDs) conduct a periodic meeting 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 within the corporation. The meeting shall be chaired by the independent director.

Policy Statement on Diversity of Experience and Background of the Board of Directors:

CASHKO recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, competence and knowledge, background, age, ethnicity, gender and other qualities of directors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.

Multiple Board Seats

The Board shall consider the number of directorships that its members can hold in other corporations. The Nominations and Remuneration Committee shall consider the following guidelines in addressing the competing time commitment of a director with multiple board seats:

- The nature of the business of the corporations which he is a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The optimum number shall be related to the capacity of a director to perform his duties and responsibilities diligently and efficiently.

The Chief Executive Officer and other Executive Directors shall be covered by a lower indicative limit of not more than five (5) memberships in other publicly listed companies. This limit shall likewise apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. Should this number be breached, the same should be approved by the Nominations and Remuneration Committee and confirmed by the Board of Directors. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

A director shall notify the Board where he is an incumbent director before accepting a directorship in another company. The Board, through the Nominations and Remuneration Committee shall assess the Director's present responsibilities and commitment to assess if the director can still adequately perform his duties and responsibilities to the CASHKO.

Newly elected/appointed director or officer shall disclose concurrent position he holds in other company whether publicly listed or not.

Policy Statement on Remuneration

The Board, through the Nominations and Remuneration Committee implements and approve remuneration policy for key officers and board members that is aligned with the long-term interests of the Company including the overall business and risk strategy.

Its component shall include, fixed remuneration, performance-based bonus, regular bonuses, incentives and other benefits. Nominations and Remuneration Committee determines appropriate remuneration based on specific financial and non-financial metrics to measure performance and set

specific provisions for employees with significant influence on the overall risk profile of the corporation.

Key considerations in determining proper compensation:

- a. The level of remuneration is commensurate to the responsibilities of the role;
- b. No director shall participate in deciding his own remuneration;
- c. Remuneration pay-out schedules shall be sensitive to risk outcomes over a multi-year horizon
- d. Remuneration of employees assigned in control functions such as Audit, Risk and Compliance, shall be determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives.

NOMINATION & ELECTION POLICY

To encourage shareholder's participation in the nomination and election of Directors to the Board, procedures has been established and duly disclosed in the Company's website.

The Nominations Process:

1. The nomination of a director shall be conducted by the Nominations and Remuneration Committee prior to a stockholders' meeting.
2. The Committee itself may likewise identify and recommend qualified individuals for nomination and election to the Board.
3. The Committee may make use of professional search firms or other external sources to search for qualified candidates to the Board.
4. All shareholders shall have the right to nominate, elect, remove and replace directors, and vote on certain corporate acts in accordance with the Corporation Code.
5. Nominations shall be submitted to any of the members of the Nominations Committee, or to the Office of the Corporate Secretary at least 2 weeks before the Board meeting scheduled in February. The Board will approve during the February Board meeting, upon the endorsement of the Nominations Committee, the list of nominees for election during the April meeting of shareholders.
6. All nominations or recommendations shall be signed by the nominating stockholders, together with an acceptance and conformity of the nominees. No nominee shall qualify to be elected as Director unless this requirement is complied with.
7. The Nominations and Remuneration Committee shall pre-screen the qualification and prepare a final list of candidates. This will ensure that only those who possess all

qualifications and none of the disqualifications may be elected to the Board. The Committee shall put in place screening policies and parameters that meet the minimum requirements as provided by CASHKO 's By-Laws, Manual of Corporate Governance, and relevant rules and regulations.

In the evaluation of nominees, the Committee shall consider the benefits of a diverse Board for competitive advantage. A diverse Board makes use of differences in skills, regional and industry experience, background, race, gender and other qualities of directors. These differences will be considered in determining the optimum composition of the Board and should be balanced appropriately.

8. The final list of qualified nominees shall be recommended to the Board of Directors for approval. The Board shall recommend to the stockholders the qualified nominees included in the final list for election during the annual meeting of shareholders.
9. The Committee shall prepare a list of candidates which shall contain all the information about all nominees for director as required by SEC and BSP rules for filing and distribution to all shareholders through the SEC Information Statement. The list should indicate the nominees for independent director. The name of the person or group of persons who recommended the nomination of the independent director shall be identified, including any relationship with the nominee.
10. Only nominees whose names appear in the List shall be eligible for election to the Board of Directors. After the list of candidates is approved by the Board of Directors for endorsement to the shareholders for approval, additional nominations shall not be entertained. No further nominations will also be allowed during the actual meeting of shareholders, unless there is a withdrawal of acceptance of the nomination or a nominee is no longer available for whatever reason.

The Voting Process:

1. Any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed by the stockholder.
2. The stockholders shall elect the members of the Board by Ballot. Proxy forms shall be tallied for the votes for Board members.
3. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he sees fit, as long as the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the CASHKO multiplied by the whole number of directors to be elected.

If the votes cast are in excess of the allowable limit, there shall be a pro-rata adjustment of the votes to conform with the allowable limit.

4. If there are more nominees than the Board seats for election, the following guidelines shall prevail:
 - There shall be two pools for directors for election. The first pool will refer to Regular Directors. The second pool will refer to Independent Directors.

Independent director/s of an OPS shall represent at least twenty percent (20%) of the members of the board, but in no case shall be less than one (1). Provided, that any fractional result from applying the minimum proportion (i.e., 20%) shall be rounded up to the nearest whole number. CASHKO will comply with the regulations on required number of Independent Directors in the Board.

- If the excess nominees refer to the Regular Pool of Directors, the directors with the highest votes allowed to cover the number of regular directors will be elected.
- Directors in the regular pool of directors who miss the cut-off will not be allowed to take the Board seats allotted for Independent Directors, even if their votes come in higher than the nominees for Independent Directors.
- If the excess nominees refer to the Independent Directors:
 - The directors with the highest votes among the independent directors get to fill in the seats allotted for the independent directors as required by regulations
 - After filling in the required slots for independent directors and there remains a vacancy among the slots for regular directors, these open slots can be filled in by the Independent Director nominees.

SELECTION / APPOINTMENT / DISQUALIFICATIONS OF DIRECTORS

Criteria for the Selection/Appointment of a Director

A director shall have the following minimum qualifications:

- (i) He shall be at least a college graduate or equivalent academic degree;
- (ii) He shall be at least twenty-five (25) years old and not more than 75 years old;
- (iii) He must have attended a special seminar on corporate governance for board of directors;
- (iv) He must be fit and proper for the position of a director of CASHKO, i.e., with integrity and probity, competence, education, diligence and business experience/training;
- (v) He shall be assiduous;
- (vi) With practical understanding of the business of CASHKO, collective working knowledge, experience or expertise that is relevant to CASHKO;
- (vii) Membership in good standing in relevant industry, business or professional organizations;
- (viii) Holder of at least one (1) share of stock of CASHKO;
- (ix) Such other qualifications as may be required by the BSP, Corporation Code, Securities Regulation Code and other relevant laws;
- (x) Not permanently or temporarily disqualified as director per Section 209 of the Manual of Regulations for CASHKO (MORNBF1) and SEC Memorandum Circular No. 19, series of 2016; and

- (xi) Board seats in other publicly listed companies shall not exceed five (5), with due consideration of the capacity of the director to perform his duties and responsibilities diligently and efficiently, the nature and complexity of the business and absence of conflict of interest.

Term Limit of Independent Directors

In selecting independent directors, the number and types of entities where the candidate is likewise elected as such, shall be considered to ensure that he will be able to devote sufficient time to effectively carry-out his duties and responsibilities. The rules and regulations of the SEC governing public and listed companies on the maximum number of companies of the conglomerate in which an individual can serve as an independent director shall apply to independent directors of all types of CASHKO s (SEC Memorandum Order No. 9 Series of 2011). The maximum term of the Independent Director is nine (9) years, to wit:

1. An independent director can be elected to only five (5) companies of the conglomerate (parent, subsidiary or affiliate) for five (5) consecutive years;
2. An Independent Director shall serve the company for a maximum of nine- years cumulative term, reckoning of the nine-year term is from 2012;
3. After which, the Independent Director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as non-independent director;

Conglomerate refers to a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.

Processes Adopted in the Selection/Appointment of Directors

- The same process enumerated in the above section – Nomination and Election Policy shall apply
- The Office of the Corporate Secretary shall
 - (1) Furnish all of the first-time directors with a copy of the general responsibility and specific duties and responsibilities of the Board of Directors and of a director, and
 - (2) Submit the bio-data of the elected director to the Supervision and Examination Sector of the BSP together with the duly notarized authorization form with a request for the Monetary Board’s confirmation of the election/appointment of the directors within ten (10) CASHKO ing days from date of election;
- If after evaluation, the BSP shall find grounds for the disqualification, the director so elected/appointed may be recommended for removal from office.

Criteria for the Re-Appointment of a Director

The five (5) directors shall hold office for a term of one (1) year or until his successor shall have been elected and shall have qualified.

A director may be re-appointed to the Board, provided that he has fully satisfied the following requirements:

- i. Compliance with Fit & Proper Rule of the BSP;
- ii. Compliance with required number and mode of attendance in regular and special meetings;
- iii. Active participation in Board and Committee meetings and exercise of sound and independent judgment in the exercise of his Board roles and responsibilities such as approval of strategic objective of the CASHKO, definition of level of risk and tolerance for business activities, appointment of competent Management, leading in establishing good governance from the top, ensuring that CASHKO continuously provide services and facilities that are supportive to national economy, etc.
- iv. Disqualification Criteria should not be met; and
- v. Board seats in other publicly listed companies shall not exceed five (5), with due consideration of the capacity of the director to perform his duties and responsibilities diligently and efficiently, the nature and complexity of the business and absence of conflict of interest.

Additional Criteria for the Re-Appointment of Independent Director:

An independent director may be re-appointed to the Board, provided that he has further fully satisfied the following requirements:

- vi. Board seats should not exceed five (5) within the institution's conglomerate; and

Processes Adopted in the Re-Appointment of Directors

- The Corporate Governance Committee shall conduct an annual performance evaluation of the Board of Directors collectively and the Directors individually every month of March;
- If the Director satisfactorily meets all the performance criteria, the Committee shall recommend the re-appointment/re-election of said director/s to the Board for approval to nominate/appoint him as such, subject to approval by the stockholders in the annual stockholders meeting.

Grounds for the Permanent Disqualification of a Director

Directors/trustees/officers/employees permanently disqualified by the Monetary Board from holding a director/trustee position:

- (1) Persons who have been convicted by final judgment of a court for offenses involving dishonesty or breach of trust such as but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery,

violation of B.P. Blg. 22, violation of Anti-Graft and Corrupt Practices Act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);

- (2) Persons who have been convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six (6) years;
- (3) Persons who have been convicted by final judgment of the court for violation of banking laws, rules and regulations;
- (4) Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract;
- (5) Directors/trustees, officers or employees of closed QBs who were found to be culpable for such institution's closure as determined by the Monetary Board;
- (6) Directors/trustees and officers of QBs found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory; or
- (7) Directors/trustees and officers of QBs or any person found by the Monetary Board to be unfit for the position of directors' trustees or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.

Processes Adopted for the Permanent Disqualification of Directors

- The Board of Directors and Management shall be responsible for determining the existence of the ground for permanent disqualification of a director and for reporting the same to the BSP within seventy-two (72) hours from knowledge thereof.
- In the event of approval by the Monetary Board of said permanent disqualification case, the Board of Directors shall be immediately informed and directed to act on it not later than the following board meeting. The Corporate Secretary shall report to the Governor of the BSP the action taken by the Board on the director involved.
- Without prejudice to the authority of the Monetary Board, the Board of Directors may direct the Corporate Governance Committee to conduct its own investigation on the director involved and shall impose the appropriate sanction as set forth in this Manual.

Grounds for the Temporary Disqualification of Directors

- (1) Persons who have shown unwillingness to settle their financial obligations, as evidenced by, but not limited to, the following circumstances:
 - (a) the person has failed to satisfy any financial obligation that has been

adjudicated by a court;

- (b) the person has filed for insolvency or payment suspension that adversely affects his/her fitness and propriety as director/officer; or
- (c) a person who is delinquent in the payment of: an obligation with a bank that functions as an OPS where he/she is a director or officer; or at least two (2) obligations with other banks/FIs.

Financial obligations as herein contemplated shall include all forms of borrowings mentioned under item "b. (3.b)" of Section 138/137-Q of the MORB/MORNBF (Persons disqualified to become directors - Temporarily disqualified). Directors/officers concerned shall remain temporarily disqualified until the financial obligations have been settled or satisfied.

- (b) Obligations shall include all borrowings from a QB/trust entity/FI obtained by:
 - (i) A director/trustees or officer for his own account or as the representative or agent of others or where he acts as a guarantor, endorser or surety for loans from such FIs;
 - (ii) The spouse or child under parental authority of the director/trustee or officer;
 - (iii) Any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of, a director/ trustee or officer;
 - (iv) A partnership of which a director/ trustee or officer, or his spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
 - (v) A corporation, association or firm wholly-owned or majority of the capital of which is owned by any or a group of persons mentioned in the foregoing Items "(i)", "(ii)" and "(iv)";

This disqualification shall be in effect as long as the delinquency persists.

- (2) Persons involved in the closure of an OPS pending their clearance by the Monetary Board;
- (3) Persons confirmed by the Monetary Board to have committed acts or omissions, which include failure to observe/discharge their duties and responsibilities prescribed under existing regulations, resulting in: (a) undue injury or disadvantage to the OPS through manifest partiality, evident bad faith, or gross inexcusable negligence; (b) material loss or potential damage to the payment system, OPS, participants, stakeholders, the Bangko Sentral, or the public in general; or (c) a significant threat to the safety, efficiency, and reliability of the payment system;
- (4) Persons found to have been involved in any irregularity/violation which constitutes a just cause for dismissal/termination as defined under the Labor Code of the Philippines, as amended, regardless of any action taken by the OPS;

- (5) Persons with cases pending before a court or other tribunal, or those convicted by said court or tribunal or those convicted by said court or tribunal but whose conviction has not become final and executory, for offenses involving: (a) dishonesty or breach of trust such as, but not limited to estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Big. 22 (Anti-Bouncing Check Law), violation of R.A. No. 3019 (Anti-Graft and Corrupt Practices Act), violation of R.A. No. 9160, as amended (Anti-Money Laundering Act), and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees); or (b) violation of securities, banking or payment system laws, rules, and regulations;
- (6) Persons who are engaged in a business that is the same or similar to that of the OPS;
- (7) Persons who in any way possess a conflict of interest with the OPS, including but not limited to, for a clearing switch operator (CSO) that provides clearing services to any of the automated clearing houses (ACHs) established under the governance of a Bangko Sentral accredited payment system management body (PSMB) under the National Retail Payment System (NRPS) framework, persons who are directors of such PSMB and of such CSO's critical service provider/s (CSP), as defined under the Payment System Oversight Framework.

In this regard, a director of a PSMB, shall likewise be temporarily disqualified as a director of a CSP of the CSO to an ACH that is governed by such PSMB.

Item "b. numbers (5), (6), and (8)-(12)" under Sections 138/137-Q of the MORB/MORNBFI (*Persons disqualified to become directors - Temporarily disqualified*) shall hereby apply to the grounds for temporary disqualification of directors and officers of an OPS.

- (5) Directors/trustees and officers of closed QBs/trust entities pending their clearance by the Monetary Board;
- (6) Directors/trustees disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board on recommendation by the appropriate supervising department of the Bangko Sentral of such directors'/trustees' election/re-election;
- (8) Persons dismissed from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance, on their request, from the Monetary Board after showing good and justifiable reasons, or after the lapse of five (5) years from

the time they were officially advised by the appropriate supervising department of the Bangko Sentral of their disqualification;

- (9) Those under preventive suspension;
- (10) Persons with derogatory records as certified by, or on the official files of, the judiciary, National Bureau of Investigation (NBI), Philippine National Police (PNP), quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violations of any law, rules and regulations that would adversely affect the integrity of the director/trustee/officer or the ability to effectively discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a lapse of five (5) years from the time the complaint, which was the basis of the derogatory record, was initiated;
- (11) Directors/trustees and officers of QBs found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;
- (12) Directors/trustees and officers of QBs or any person found by the Monetary Board to be unfit for the position of director/ trustee or officer because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/ violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;

Resignation or retirement from his/her office shall not exempt the person from being permanently or temporarily disqualified under this Section.

In addition to the aforementioned grounds, an independent director shall likewise be temporarily disqualified as such when:

Processes Adopted for the Temporary Disqualification of Directors

- The Board of Directors and Management shall be responsible for determining the existence of the ground for temporary disqualification of a director of the CASHKO and for reporting the same to the BSP within seventy-two (72) hours from knowledge thereof.
- In the event of approval by the Monetary Board of said temporary disqualification case, the Board of Directors shall be immediately informed and directed to act on the disqualification not later than the following board meeting. The Corporate Secretary shall report to the Governor of the BSP the action taken by the Board on the director involved.

- Without prejudice to the authority of the Monetary Board, the Board of Directors may direct the Corporate Governance Committee to conduct its own investigation on the director involved and shall impose the appropriate sanction as set forth in this Manual. A temporarily disqualified director shall be granted sixty (60) days to correct his disqualification and any unjustified failure or refusal to do so, shall render the disqualification permanent.

Grounds for the Suspension of Directors

The Board shall provide for the suspension of a director for any of the following infraction as a penalty or sanction for his:

- (a) Violation of the provisions of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI):
 - (i) Violation of any provision of the MORNBFI;
 - (ii) At the discretion of the Monetary Board and based on the seriousness and materiality of the acts or omission, a penalty of suspension may be imposed upon a director of aCASHKO that conduct business in an unsafe and unsound manner;
- (b) Non-compliance with any of the provisions of the CASHKO 's Manual on Corporate Governance; and
- (c) If the cause for the director's temporary disqualification occurs after his confirmation by the BSP, the director is considered suspended.

Processes Adopted in the Suspension of Directors

- The Board of Directors and Management shall be responsible for determining the existence of the ground for suspension disqualification of a director of CASHKO and for reporting the same to the BSP within seventy-two (72) hours from knowledge thereof.
- In the event of approval by the Monetary Board of said suspension case, the Board of Directors shall be immediately informed and directed to act on the disqualification not later than the following board meeting. The Corporate Secretary shall report to the Governor of the BSP the action taken by the Board on the director involved.
- Without prejudice to the authority of the Monetary Board, the Board of Directors may direct the Corporate Governance Committee to conduct its own investigation on the director involved and shall impose the appropriate sanction as set forth in this Manual. A temporarily disqualified director shall be granted sixty (60) days to correct his disqualification and any unjustified failure or refusal to do so, shall render the disqualification permanent.

Requirements for the Reinstatement of Directors

A director who has been temporarily disqualified shall be re-instated upon full service of the preventive suspension and fulfillment of such other conditions imposed as sanction or penalty against him, Provided, that the approval of the majority of the members of the Board has been

obtained, provided finally, that such reinstatement has been duly approved by the Monetary Board of the BSP in accordance with regulations.

Processes Adopted in the Reinstatement of Directors

- The Corporate Secretary shall notify the Board of Directors in writing that the director concerned has served his suspension.
- The Board shall resolve if the director shall be reinstated or not. If the resolution is to reinstate the concerned director, it shall be approved by a majority of the Board of Directors.
- The Corporate Secretary shall submit in writing to the Monetary Board a notification that the director has fully served his suspension together with the recommendation to reinstate the director as resolved by a majority of CASHKO's Board of Directors.
- Upon receipt of MB approval, the Corporate Secretary shall serve a written notification to the concerned director of his reinstatement.

Grounds for the Removal of Directors

A director may be removed from the Board with or without cause, Provided, that the removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under The Corporation Code of the Philippines.

A director may likewise be removed from office due to the following causes:

- (i) If the director resigns;
- (ii) If the director fails to comply with the prescribed attendance in board meetings;
- (iii) If the director becomes bankrupt or makes any compromise or arrangements with his creditors;
- (iv) If the director suffers from mental disorder; and
- (v) If the director is permanently disqualified.

Processes Adopted in the Removal of Directors

A director of CASHKO may be removed from office by a vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, either at a regular or special meeting called for that purpose.

- The Corporate Secretary shall send a notice of meeting to stockholders for the proposed removal of the director involved. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in The Corporation Code of the Philippines.
- A special meeting of the stockholders of the CASHKO for the purpose of the removal of the director involved must be called by the Corporate Secretary on order of the President or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock of CASHKO.

- Should the Corporate Secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders by any of the stockholder of CASHKO signing the demand.

CHIEF EXECUTIVE OFFICER

The role of the Chief Executive Officer (CEO) shall be kept separate from that of the Chairman of the Board of Directors to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.

Duties and Responsibilities of the Chief Executive Officer (CEO)/President

As stated in CASHKO's By-Laws, the President, subject to the control of the Board of Directors shall be the Chief Executive Officer of CASHKO. As such, he shall have direct and immediate charge of the business, affairs and property of CASHKO, with the following roles accountabilities:

Roles:

1. Lead, in conjunction with the Board, the development and execution of the institution's long-term strategy with a view to creating shareholder value;
2. Determine the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
3. Be ultimately responsible for all day-to-day management decisions and for implementing the institution's long- and short-term plans, in accordance with its strategy;
4. Act as a direct liaison between the Board and Management of the institution and communicate to the Board on behalf of Management; Provides the Board with timely information and interfaces between the Board and the employees;
5. Effectively communicate, on behalf of the institution, to shareholders, employees, Government authorities, other stakeholders and the public;
6. Set the tone of good governance from the top;
7. Have a good working knowledge of the corporation's industry and market and keep up-to-date with its core business purpose;
8. Oversee the operations of the corporation and manage human and financial resources in accordance with the strategic plan; and
9. Build the corporate culture and motivates the employees of the corporation.

Accountabilities:

To the Board of Directors:

- 1) Ensure that the institution maintains high standards of corporate governance, corporate citizenship and social responsibility wherever it does business;
- 2) Properly advise and provide sufficient information to enable the Directors to make appropriate judgments and decisions;
- 3) Ensure the integrity of all public disclosure by the institution

To Management and Employees:

1. Ensure proper dissemination of adequate information of all material undertakings and activities of the institution and all material external factors affecting it.
2. Direct, evaluate and guide the work of the key officers of the corporation.

To the Government:

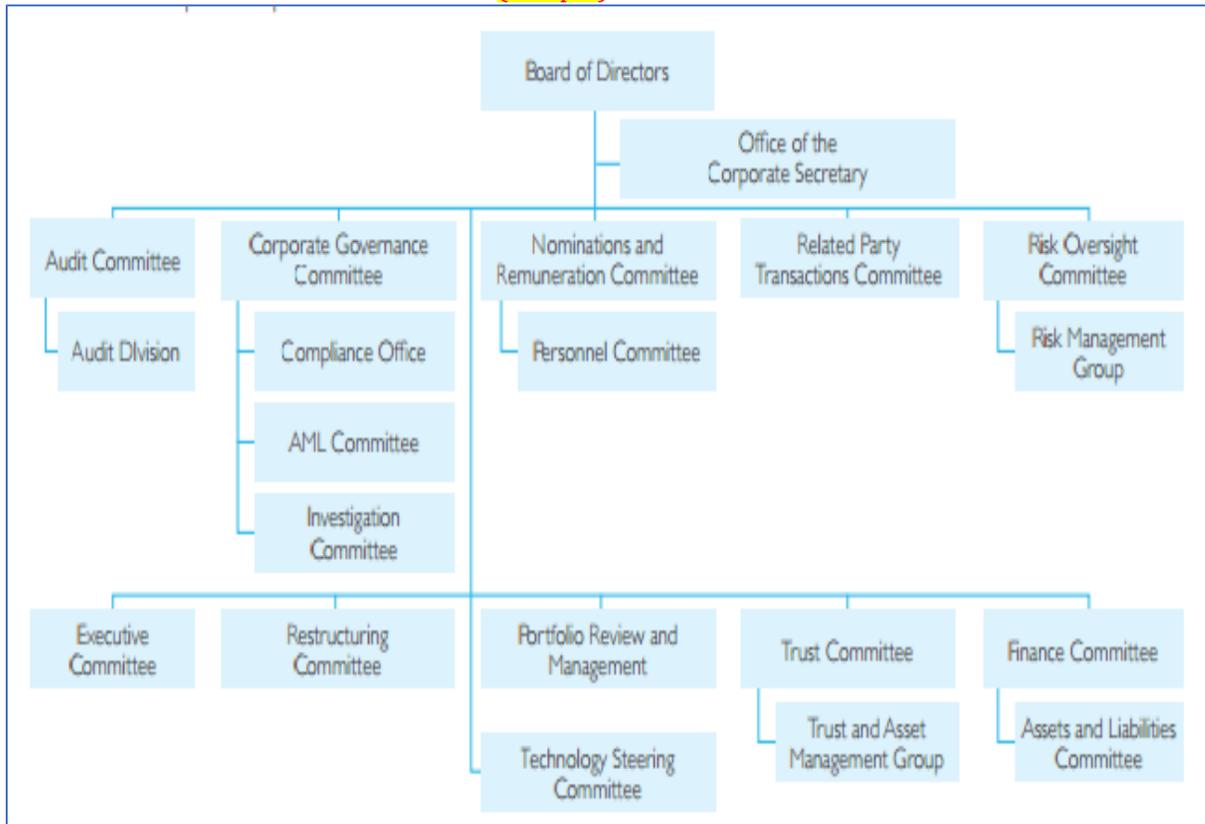
Ensure the institution's compliance with all laws, rules and regulation

Deliverables of the Chief Executive Officer

- 1) Communicate and implement the vision, mission, values of CASHKO, including overall strategy and promotes any organization or stakeholder change in relation to the same; and the attainment of long-term sustainability for the benefit of all stakeholders;
- 2) Key Result Areas (KRAs) covering financial perspective, risk management perspective, employee perspective, customer perspective and society perspective.

Organizational Structure of the Board and Board Committees

(sample)



BOARD COMMITTEES

To aid in complying with the principles of good corporate governance, the Board shall constitute, at a minimum, the following committees which shall report regularly to the Board of Directors:

(a) Corporate Governance Committee

The Corporate Governance Committee shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson.

The committee shall be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines and shall be guided by its charter which is approved by the Board of Directors. It shall:

- (2) Be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines including oversight of 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.

- (3) Designate Compliance Office in the conduct of the annual performance evaluation of the Board and its committees.
- (4) Decide on the manner by which the Board's performance may be evaluated, with the objective performance criteria approved by the Board. Performance indicators shall address how the Board has enhanced long-term shareholders' value.
- (5) Oversee the management of the CASHKO's compliance function, ensuring that the CASHKO complies with all applicable laws, regulations, codes of conduct and standards of good practice
- (6) Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- (7) Recommend continuing education/training programs for directors
- (8) Propose and plan relevant trainings for the members of the Board;
- (9) Adopt internal guidelines that may be required in the exercise of its functions, including guidelines that address the competing time commitments for directors with multiple board seats.

(b) *Nominations and Remuneration Committee*

The Nominations and Remuneration Committee. The committee shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson.

The Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval. It shall assess the effectiveness of the Board's processes and procedures in the election and replacement of directors. It shall have the following responsibilities:

- (1) Defining the general profile of the Board members that the CASHKO may need, ensuring that the nominees have the appropriate knowledge, competencies and expertise that will complement the existing skills of the Board;
- (2) Determining the nomination and election process for the company's directors and 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
- (3) Review and evaluation of the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board of Directors,
- (4) Overseeing the periodic performance evaluation of Board members and executive Management, deciding whether or not a director is able to and has been adequately carrying

out his/her duties as director based on its own assessment or the assessment of external facilitators, bearing in mind the director's contribution and performance (e.g. competence, candor, attendance, preparedness and participation);

- (5) Ensuring 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;
- (6) Recommending assignment to Board committees, succession plan for Board members and senior officers,
- (7) Establishing 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 and commensurate with corporate and individual performance.
- (8) Overseeing the management of the Personnel Committee.

(c) Board Risk Oversight Committee

The Board Risk Oversight Committee should be responsible for the oversight of the company's Enterprise Risk Management system to ensure its functionality and effectiveness. It shall be composed of at least three (3) members of the Board, the majority of whom should be independent directors, including the chairman. The Chairman should not be the Chairman of the Board or any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management. The Risk Management Committee shall have the following functions:

- (1) Develop a formal enterprise risk management plan which 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;
- (2) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the CASHKO. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- (3) Approve the policies and implementing guidelines as may be recommended for risk management purposes;
- (4) Assess the probability of each identified risk becoming a reality and estimate 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;

- (5) Oversee the system of limits to discretionary authority that the Board delegates to Management, ensuring that the limits are observed and that immediate corrective actions are taken whenever limits are breached;
- (6) 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 recommend further action or plans, as necessary.;
- (7) Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The ROC 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; Review and revise the risk management plan as needed;
- (8) Oversee the management of Risk Management Division;
- (9) Advise the Board on its risk appetite levels and risk tolerance limits;
- (10) 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;
- (11) 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;
- (12) Review and when necessary, refine its charter annually to ensure relevance and adequacy.

CASHKO's Risk Management Unit and the Chief Risk Officer shall communicate formally and informally to the Risk Oversight Committee any material information relative to the discharge of its function.

The Risk Oversight Committee shall, where appropriate, have access to external expert advice, particularly in relation to proposed strategic transactions, such as mergers and acquisitions.

The Risk Oversight Committee shall be guided by its charter which is approved by the Board of Directors.

(d) *Audit Committee*

The Audit Committee shall be composed of at least three (3) 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, an/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees. Further, the chief executive officer, chief financial officer

and/or treasurer, or officers holding equivalent positions, shall not be appointed as members of the audit committee.

Under the supervision of the Audit Committee, it is the responsibility of management to establish and maintain an adequate, effective and efficient internal control framework which includes formulation the rules and procedures on financial reporting and internal controls that consistently comply with financial reporting requirements of the Commission, defining the delineation of responsibilities with the external auditor and formulating an effective system of internal controls that ensure integrity of the financial reports and protection of assets of the corporation for the benefit of all stockholders and other stakeholders.

The Audit Committee is responsible for:

1. Assisting the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, internal and external audit process, and monitoring of compliance with applicable laws, rules and regulations;
2. Oversee the financial reporting framework. The committee shall oversee the financial reporting process, practices, and controls. It shall ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports.

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

3. Monitor and evaluate the adequacy and effectiveness of the internal control system. The committee shall oversee the implementation of internal control policies and activities. It shall also ensure that periodic assessment of the internal control system is conducted to identify the weaknesses and evaluate its robustness considering the BSFI's risk profile and strategic direction.

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 should 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;

4. Oversee the internal audit function. It ensures the independence of Internal auditors

and that are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. The committee shall be responsible for the appointment/selection, remuneration, and dismissal of internal auditor. It shall review and approve the audit scope and frequency. The committee shall ensure that the scope covers the review of the effectiveness of the BSFI's internal controls, including financial, operational and compliance controls, and risk management system.

It shall recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;

Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;

Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

Monitor and review the effectiveness of performance of internal audit function and internal audit service provider, if any. The review of the effectiveness of the internal audit function, includes compliance with the standard's best practices and other supplemental standards issued by the regulatory authorities/ government agencies, as well as with relevant Code of Ethics;

5. Oversee the external audit function. The committee shall be responsible for the appointment, fees, and replacement of external auditor. It shall review and approve the engagement contract and ensure that the scope of audit likewise cover areas specifically prescribed by the BSP and other regulators. It shall assess the integrity and independence of the external auditors and exercising effective oversight to review and monitor the auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.

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;

Selecting and overseeing the performance of external auditor. Ensure that they have free and full access to CASHKO's records, properties and personnel to enable them to fulfill their audit function. The review of external auditor's performance is done at least annually, and it shall exercise final review on the appointment, re-appointment or discharge of auditor's and endorsement to BOD for approval.

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 should disallow any non-audit work that will conflict with his duties as an External

Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

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 should be prepared and presented to the stockholders;

6. Oversee implementation of corrective actions. The committee shall receive key audit reports, and ensure that senior management is taking necessary corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws, and regulations and other issues identified by auditors and other control functions.
7. Coordinates, monitors and facilitates compliance with laws, rules and regulations;

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.

The Audit Committee shall be guided by its charter which is approved by the Board of Directors.

The Audit Committee shall annually assess its performance and rate its overall compliance to its charter pursuant to SEC Memorandum Circular No. 4, Series of 2012, or the Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange.

(e) Related Party Transactions Committee

The Board established the Related Party Transactions Committee which shall be tasked with reviewing all materials related party transactions of the group. It shall be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.

The following are the functions of the 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.

CORPORATE SECRETARY

The Corporate Secretary is an officer of the CASHKO who works fairly and objectively with the Board, Management, stockholders and other stakeholders.

The qualifications of the Corporate Secretary include:

- Should be a Filipino citizen and a resident of the Philippines;
- Must have appropriate administrative and interpersonal skills;
- Have a working knowledge of the operations of the CASHKO;
- If he is not at the same time the CASHKO 's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- He must also have some financial and accounting skills.

The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company 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. Ensuring that the materials for the Board meeting agenda shall be made available to the Board members at least five business days before the Board meeting;
- c. Safekeeps 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;
- d. 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;
- e. 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;
- f. Advises on the establishment of board committees and their terms of reference;
- g. 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;
- h. 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;
- i. Performs required administrative functions;
- j. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements;
- k. Updates the pertinent provision of the Securities and Exchange Commission (SEC) Annual Corporate Governance Report (ACGR) and files with the SEC an advisement letter on directors' attendance within five (5) days from the end of the year (per SEC Memo. No. 1 Series of 2014).
- l. Furnishes all of the first-time directors with a copy of the general responsibility and specific duties and responsibilities of the Board of Directors and of a director;
- m. Submits the bio-data of the elected director to the Supervision and Examination Sector of the BSP together with the duly notarized authorization form with a request for the Monetary Board's confirmation of the election/appointment of the directors within ten (10) working days from date of election; If after evaluation, the BSP shall find grounds for the disqualification, the director so elected/appointed may be recommended for removal from office.
- n. Performs such other duties and responsibilities as may be provided by the BSP/SEC.

- o. Acts as the Secretary to the Corporate Governance Committee

CHIEF COMPLIANCE OFFICER

To ensure adherence to corporate principles and best practices, the Board of Directors shall designate a Chief Compliance Officer who is a Senior Officer or its equivalent position with adequate stature and authority in CASHKO. He/ She is a member of the company's Management team in charge of the compliance function. He is primarily liable to the corporation and its shareholders, and not to the Chairman or President of the company. He/she has, among others, 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. Ensures the attendance of board members and key officers to relevant trainings;
- c. 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;
- d. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- e. Ensures the integrity and accuracy of all documentary submissions to regulators;
- f. Interacts with the BSP, SEC, AMLC and PSE on compliance-related matters, including documentary submissions;
- g. Appears before the SEC when summoned in relation to compliance with this Code;
- h. Forges a strategic alliance with the other CASHKO Control Units relative to its common role and interest of instilling the appropriate control discipline amongst the various business and operations units;
- i. Performs investigations for perceived systemic prevalence of risks and addresses identified breaches through implementation of action items in coordination with the business and operating units;
- j. Implements a comprehensive compliance training program for all Officers and Staff with respect to the compliance program and the identified business risks;
- k. Identifies possible areas of compliance issues and works towards the resolution of the same;
- l. Fosters a strong working relationship with the regulators and industry associations; and
- m. Performs such other duties and responsibilities as may be provided by the BSP/SEC.

The appointment of the Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17- C. All correspondences relative to these functions as such shall be addressed to said Officer.

SUCCESSION PLAN FOR BOARD OF DIRECTORS

1. The succession plan shall consider the following:
 - a) The regular Board members are those with stake or shareholdings in the CASHKO .

The succession plan of the President & CEO, who is a mandatory member, is covered by the Succession Plan for Senior Management.
2. The Nominations and Remuneration Committee and Senior Management shall work closely in identifying and coming up with a pool of qualified individuals for the Executive, Non-executive and Independent Director's (ID) seat. Sources of possible Directors:
 - a) Regulated pool of accredited regular and independent directors, if any;
 - b) Directors of listed companies, preferably financial industry.

Board Refreshment Policy

- a) The new board members elected starting in 2022 shall not stand for election for any term that begins after his 75th birthday.
- b) Existing board members beyond the age of 70 who have been with the Board prior to 2022 shall be allowed an extension of 10 years.
- c) Existing board members below the age of 70 who have been with the Board prior to 2022 shall be allowed an extension of 10 years after they reach the age of 75.

II. DISCLOSURE AND TRANSPARENCY

REPORTORIAL OR DISCLOSURE SYSTEM OF THE CASHKO's CORPORATE GOVERNANCE POLICIES

The reports or disclosures required under this Manual shall be prepared and submitted to the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas and the Philippine Stock Exchange (PSE), as the case may be, in accordance with existing regulations, by the responsible department/officer after review of CASHKO's Chief Compliance Officer.

All material information, i.e., anything that could potentially affect share price shall be publicly disclosed. CASHKO is prohibited from communicating material non-public information about itself to any person, unless CASHKO is ready to simultaneously disclose the material non-public

information to the Philippine Stock Exchange. This rule does not apply if the disclosure is made to (a) a person who is bound by duty to maintain trust and confidence to CASHKO such as but not limited to its auditors, legal counsels, investment bankers, financial advisers and (b) a person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

Material information for disclosure shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership, remuneration (including stock option) of all directors and Senior Management, corporate strategy, off-balance sheet transactions, as well as items covered in the Disclosure Rules of the Philippine Stock Exchange..

All disclosed information shall be released via the approved stock exchange procedure for CASHKO announcements as well as through the annual report.

The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the shareholders.

Policy statement on disclosure of non-financial information

It is appropriate for shareholders and stakeholders to be informed of CASHKO's strategic goal and objectives and how well it manages its business and improve sustainability. These information are reflected through the Global Reporting Initiative framework which CASHKO will adopt to communicate with the public regarding the CASHKO's contribution to economy, environment, social and governance.

More than reporting and keeping the stakeholders informed of CASHKO's activities, it recognizes the importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

Policy on Acquisition/Sale of Significant/Material Assets

The company should 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.

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.

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

TRADING IN CASHKO SHARES

As a publicly listed company, CASHKO shall strictly observe the prohibition on insider trading under Section 27 of the Securities Regulation Code (SRC). Towards this end and consistent with the principles of fair dealing and transparency in the securities market, a Director or Officer with the rank of Senior Vice-President and up, when dealing in CASHKO's shares shall:

1. Notify the Board through the Office of the Corporate Secretary (OCS) of his intention to deal in CASHKO shares at least one (1) day prior to trading. Notification may be done verbally or in writing, detailing the (a) transaction date (b) number of shares (c) transaction type whether buying or selling (d) transaction price per share and (e) name of broker-dealer through whom transaction will be effected.
2. Submit the necessary SEC Form 23A (Initial Statement of Beneficial Ownership of the Securities) and/or SEC Form 23B (Statement of Changes in Beneficial Ownership of Securities) to the Securities and Exchange Commission and the Philippine Stock Exchange within three (3) business days from initial acquisition or changes (subsequent acquisition or disposal). Likewise, he shall coordinate with the OCS to ensure the timely filing of said reports.

CASHKO shall likewise strictly prohibit the short selling of CASHKO shares by any of its Director or Officer in accordance with the applicable provisions of the SRC and its Amended Implementing Rules and Regulations.¹

Compliance with the foregoing requirements shall not preclude CASHKO from filing a suit against any of its Director or Officer to recover any profit realized by them from any purchase and sale, or any sale and purchase of CASHKO shares within any period of less than six (6) months in accordance with the provisions of Section 23.2 of the SRC. No such suit shall be filed where the shares was acquired in good faith, in connection with a debt previously contracted, and after the lapse of two (2) years from the date when such profit was realized.

Disclosure Requirement on the CASHKO's Corporate Website

Pursuant to SEC Memorandum Circular No. 11 series of 2014, the following information are the minimum recommended topics to be posted in CASHKO's website:

Our Business

The Company's Business Operations

Our Company

1. The Company's Corporate or Business Profile;
2. The Company's Mission, Vision and Values;
3. The Company's Board of Directors, Management Team and Executive Officers;
4. The Company's Organizational Chart;

¹ As defined in SRC Rule 24.2-2 (1), the term "short sale" shall mean any sale of a security which the seller does not own or any sale which is consummated by the delivery of a security borrowed by, or for the account of the seller. A person shall be deemed to own a security if: (1) he or his agent has title to it; (2) he has purchased, or has entered into an unconditional contract, binding on both parties thereto, to purchase it and has not yet received it; (3) he owns a security convertible into or exchangeable for it and has tendered such security for conversion or exchange; (4) he has an option to purchase or acquire it and has exercised such option; or (5) he has rights or warrants to subscribe to it and has exercised such rights or warrants to subscribe to it and has exercised such rights or warrants provided, however, that a person shall be deemed to own securities only to the extent he has a net long position in such securities.

5. The Company's Conglomerate Map or Group Corporate Structure;
6. The Company's Shareholdings Structure; and
7. The Company's Articles of Incorporation and By-Laws and all amendments thereto.

Corporate Governance

Manual on Corporate Governance

Code of business conduct and ethics

Annual Corporate Governance Report (ACGR)

1. ACGR for 2012;
2. Updates and changes as of December 31, 2013;
3. Consolidated Changes in the ACGR for 2013;
4. Updates and Changes as of present date; and
5. Consolidated Changes in the ACGR for 2014 and so on and so forth until ACGR is required.

Board Committees

1. Board Committees;
2. Board Committee Members; and
3. Board Committee Charters

Corporate Social Responsibility

The Company's Corporate Social Responsibility Initiatives

Enterprise Risk Management

The Company's Risk Management System

Company's Policies

1. Whistle- Blowing Policy;
2. Conflict of Interest Policy;
3. Insider Trading Policy;
4. Related Party Transactions Policy;
5. Policy and Data Relating to Health, Safety and Welfare of Employees,

including

company sponsored trainings.

Company Disclosures

SEC Filings

1. SEC Form 17- A (Annual Report);
2. SEC Form 17- Q (Quarterly Report);
3. SEC Form 17- C (Current Report);
4. SEC Form 20- IS (Information Statement);
5. SEC Form 23- A/B (Statement of Beneficial Ownership);
6. General Information Sheet

Notice of Annual or Special Stockholder's Meetings
Minutes of all General or Special Stockholder's Meetings
Other Disclosures to SEC, PSE and Other Pertinent Agencies

Press Materials/ News

Materials provided in briefings to analysts and media

Investor Relations

Investor Relations Programs

Share Information

1. Total Outstanding Shares;
2. Exchange where listed; and
3. Top 20 Stockholders

All required information must be retained in the company's website for a period of five (5) years.

Reportorial Requirements

a) BSP

i. Annual Report on Group Structure (Conglomerate Mapping)

- Should be updated annually and submitted to the Central Point of Contact of the BSP within thirty (30) calendar days after end of every calendar year.

ii. Material Related Party Transaction Report

- Should be submitted to the Central Point of Contact of the BSP within twenty (20) calendar days after end of the reference quarter.

b) SEC

i. Annual Corporate Governance Report (ACGR)

- In accordance with SEC Memo No. 5, Series of 2013, starting June 30, 2013 and every five (5) years thereafter, the CASHKO is required to submit three (3) copies of the fully accomplished ACGR (standard format provided for by the SEC and shall be made available in the Compliance Public Folder) to the Securities and Exchange Commission (SEC).

- On the second (2nd) to fourth (4) year, only changes or updates shall be required to be indicated or submitted.

c) PSE

i. Annual Corporate Governance Guidelines Disclosure Survey

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|---|
| <ul style="list-style-type: none">○ Due for submission every March 31 |
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III. INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

INTERNAL AUDITOR

CASHKO shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which the Board, Senior Management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with. It shall further provide an independent and objective assurance, and consulting services designed to add value and improve the company's operations.

Internal audit plans should cover at the minimum:

- The evaluation of the adequacy and effectiveness of controls that cover governance, operations and information systems
- Reliability and integrity of financial and operational information, effectiveness and efficiency of operations,
- Protection of assets
- Compliance with contracts, laws, rules and regulations.

A separate internal audit function is essential to monitor and guide the implementation of company policies. It helps 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.

CASHKO's internal audit activity may be a fully resourced activity housed within the organization or may be outsourced to qualified independent third party service providers.

The Internal Auditor shall report to the Audit Committee. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management.

The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. Disclosure to the Board and Management should be initiated by the Internal Auditor for the reasons of his non-compliance with said standards.

CHIEF AUDIT EXECUTIVE

The Chief Audit Executive (CAE) shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.

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

- a. Periodically reviews the internal audit charter and presents it to Senior Management and the Board Audit Committee for approval;
- b. Establishes 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. Communicates 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. Spearheads the performance of the internal audit activity to ensure it adds value to the organization;
- e. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- f. Presents findings and recommendations to the Audit Committee and gives advice to Senior Management and the Board on how to improve internal processes.

EXTERNAL AUDITOR

The external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of CASHKO . An external auditor shall be selected and appointed by the Board of Directors upon recommendation of the Audit Committee.

The external auditor of CASHKO shall not at the same time provide the services of an internal auditor to the same client. CASHKO shall ensure that other non-audit-work shall not be in conflict with the functions of the external auditor or does not pose a threat to his independence.

CASHKO 's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier or the signing partner of the external auditing firm assigned to the CASHKO should be changed with the same frequency.

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

The external auditor shall conclude whether it has obtained reasonable assurance that the financial statements, as a whole, are free from material misstatement, whether due to fraud or error. That conclusion shall include an evaluation of the following:

- (i) Whether sufficient appropriate audit evidence has been obtained;
- (ii) Whether uncorrected misstatements are material, individually or in aggregate; and
- (iii) Compliance with the applicable framework.

If material error or fraud is discovered, the external auditor shall immediately bring such information to the attention of the Audit Committee. Moreover, the external auditor shall report to the BSP such material error or fraud and other matters as prescribed under existing regulations.

In carrying out the audit of CASHKO 's financial statements, the external auditor shall:

- i. assess CASHKO 's compliance with certain BSP rules and regulations as prescribed under existing regulations. In this respect, the BSP requires external auditors to directly report to the BSP material breaches in said rules and regulations such as but not limited to capital adequacy ratio and loans and other risk assets review and classification. While the provisioning requirements under the prescribed financial reporting framework and BSP rules and regulations may differ, external auditors are expected to look into the soundness of the assumptions and methodologies used under both regimes. In addition, external auditors should also look into the adequacy and propriety of documentation of significant differences between the valuations used for financial reporting purposes and for regulatory purposes.
- ii. assess the adequacy and propriety of disclosures on related party transactions. The external auditors should exercise sound judgment on whether mere compliance with disclosure requirements prescribed under the applicable financial reporting framework already provide sufficient information to make a conclusion on whether the transactions are done at arm's length terms.
- iii. document its discussion with CASHKO 's Board of Directors and the Audit Committee. Where there are differences between BSP regulations and the applicable financial reporting framework, as when there is more than one option allowed, discussions on the treatment adopted in the financial statements should be duly minuted. The external auditors are nonetheless, expected to recommend compliance with BSP-prescribed accounting treatment particularly when such is likewise acceptable under the applicable financial reporting framework.

If an external auditor believes that the statements made in CASHKO 's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

CHIEF RISK OFFICER

CASHKO shall appoint a Chief Risk Officer (CRO), or any equivalent position, who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a company's size, risk profile and complexity of operations. He shall be independent from executive functions and business line responsibilities, operations and revenue-generating functions. This independence shall be displayed in practice at all times as such, albeit the CRO may report to the President or Senior Management, he shall have direct access to the Board of Directors and the risk oversight committee without any impediment. In this regard, the Board of Directors shall confirm the performance ratings given by the President or Senior Management to the CRO.

The CRO shall have sufficient stature, authority and seniority within the CASHKO . This will be assessed based on the ability of the CRO to influence decisions that affect the CASHKO 's exposure to risk. The CRO shall have the ability, without compromising his independence, to engage in discussions with the Board of Directors, Chief Executive Officer and other Senior Management on key risk issues and to access such information as he deems necessary to form his or her judgment. The

CRO shall meet with the Board of Directors/risk oversight committee on a regular basis and such meetings shall be duly minuted and adequately documented.

The CRO has the following functions, among others:

- a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;

Enterprise Risk Management is a process, effected by an entity's Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

- b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
- c. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d. Suggests ERM policies and related guidance, as may be needed; and
- e. Provides 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.

CROs shall be appointed and replaced with prior approval of the Board of Directors. In cases, when the CRO will be replaced, CASHKO shall report the same to the SES of the Bangko Sentral ng Pilipinas within five (5) days from the time it has been approved by the Board of Directors.

There should be clear communication between the Board Risk Oversight Committee and the CRO.

RISK MANAGEMENT

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.

VI. CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

SHAREHOLDER'S RIGHTS

CASHKO recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the Board shall respect the rights of the stockholders as provided for in the Corporation Code:

1. Right To Nominate:

All shareholders, including minority shareholders, shall have the right to nominate candidates for the Board of Directors.

The list of names of the nominees to the Board of Directors shall be filed and submitted to the Corporate Governance Committee through the Office of the Corporate Secretary at least thirty (30) business days prior to the annual stockholders' meeting wherein they will be elected.

2. Voting Right

- Shareholders have the right to vote on all matters that require consent or approval.
- Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation code.
- Cumulative voting shall be used in the election of directors.
- A director shall not be removed without cause if it will deny minority shareholders representation in the Board.
- Stockholders who cannot attend meetings have the right to appoint a proxy. The exercise of the proxy rights shall not be unduly restricted and any doubt about the validity of the proxy should be resolved in the stockholders' favor.

3. Pre-emptive Right

Article Seventh of the CASHKO 's Articles of Incorporation states that no holder of shares of securities issued by the Corporation shall be entitled to pre-emptive rights with respect to shares issued by the company.

The Articles of Incorporation shall lay down the specific rights and power of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

4. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code at reasonable hours on business days.

All shareholders shall also be furnished with annual reports, including financial statements, without costs or restrictions.

5. Right to Information

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

The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

The minority shareholders shall have access to any and all information relating to matters for which the Management is accountable for and to those relating to matters for which the Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

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.

6. Rights to Dividends

Shareholders shall have the right to receive dividends subject to the discretion of the Board and prior approval by the Bangko Sentral ng Pilipinas.

The fundamental philosophy for the CASHKO 's dividend policy is sustainability with payouts referenced against the CASHKO 's capital management process.

7. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Notice of Annual & Special Shareholder's meeting

For stockholders to be able to exercise their right especially in the holding of meeting, CASHKO prepares and sends the notice of the meeting at least 28 days prior the meeting. The notice incorporates the required information such as the date, location, meeting agenda and its rationale and explanation, and details of issues to be deliberated on and approved or ratified at the meeting. The notice of the meeting is duly disclosed in CASHKO 's website.

The result of the votes taken during the most recent Annual or special stockholders meeting shall be posted in CASHKO 's website on the next working day. Further, minutes of the annual and special stockholders meeting shall be made available on CASHKO 's website within five business days from the end of the meeting.

Alternative Dispute Resolution

The CASHKO establish a venue and system that allow stockholders and stakeholders to communicate their concern including issues or situations where their rights were violated. The following alternative dispute resolution systems are available:

Alternative Dispute Resolution System	
Corporation & Stockholders	The Office of the Investor Relations and the Office of the Corporate Secretary attend to stockholders' concerns.

Corporation & Third Parties	The authorized officers of the CASHKO meet with concerned third parties to discuss, resolve conflicts and arrive at a compromise .
Corporation & Regulatory Authorities	Compliance Office acts as Liaison to regulatory agencies with primary objectives of identifying and averting potential issues and resolving actual audit exceptions by providing substantive explanation and documentation to avoid monetary and administrative sanctions.

INVESTOR RELATIONS OFFICE

CASHKO’s Investor Relations Office is designed to ensure constant engagement with its stockholders. The Investor Relations Office provides an avenue to receive feedback, complaints and queries from shareholders it also assure their active participation with regard to activities and policies of CASHKO. Further, it shall ensure all information regarding the activities of CASHKO are properly and timely communicated to shareholders. The Internal Relations Officer shall be present at every shareholders meeting.

Whistle-Blowing Mechanism

Employees are encouraged to report in good faith suspected employee offenses or irregularities to their immediate superior for proper disposition. If the immediate superior cannot act on the said offense due to his involvement, the employee may elevate the same to any of the authorities. As reporting party, who may only divulge information that is of his personal knowledge, said employee is prohibited to act on his own by conducting any investigative activity nor participate in any investigative activity other than the one conducted by the duly authorized investigating body. At any rate, due process shall at all times be observed at any stage of the investigation on the acts exposed by the whistleblower.

CASHKO shall prohibit discrimination, harassment and retaliation against any employee who reports suspected employee offenses or irregularities. Management shall ensure that a whistleblower’s safety and well-being is adequately protected up to the maximum extent allowed by CASHKO Code of Conduct.

V. DUTIES TO STAKEHOLDERS

Consistent with the Board’s duties and responsibilities to its various stakeholders enumerated under Section 1 of this Manual, the Board adopts the following mechanisms and frameworks aid in fulfilling its duties to it stakeholders:

- The Board establishes programs to provide a mechanism on the fair treatment and protection of stakeholders.
- The Board likewise adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.

- The Board identifies the company’s various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.
- The Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company’s goals and in its governance.

The Board also sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program. This is being disseminated to employees across the organization through trainings to embed them in the company’s culture.

Governance Policy on Money-Laundering, Fraud, and Corruption

Money Laundering

1. It is the policy of CASHKO to conduct business in conformity with high ethical standards in order to protect the reputation and integrity of the banking system from becoming a vehicle or conduit for or a victim of financial crime and to protect the diverse interests of the institution’s stakeholder groups.

Employees are required to report to prescribed channels if they become aware of any circumstances leading them to suspect that any transaction might involve the payment or the receipt of proceeds of any unlawful activity.

Fraud

2. CASHKO is committed to the highest standards of moral and ethical behavior and is opposed to any unethical behavior such as fraud and corruption. CASHKO considers all forms of fraud as extremely serious offenses and is committed to preventing, deterring and eliminating fraud and/or corrupt conduct, whether committed for the benefit of or to the detriment of the institution.

CASHKO considers any act(s) of fraud or other wrongful acts committed by its officers and staff to be reprehensible and in response will take all necessary disciplinary action it deems appropriate.

Corruption

3. Neither CASHKO nor any third party acting on CASHKO’s behalf shall offer, promise, authorize or pay anything of significant value to any “government official” or any other person or entity including those in the private or commercial sector, where it is intended to induce the recipient to misuse his or her position or to obtain an improper “business advantage.”

No CASHKO employee shall request or accept a bribe. No gift of cash or any cash equivalent is ever permitted to be given to or for the benefit of any third party, or requested or accepted by any CASHKO employee, unless specifically authorized by CASHKO’s policy.

PART VI: COMMUNICATION PROCESS AND ENFORCEMENT POLICY FOR NON-COMPLIANCE WITH THE CODE

COMMUNICATION PROCESS

This Manual shall be available for inspection by any stockholder of CASHKO at reasonable hours on business days.

All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

A copy of the manual and its amendments shall be posted in CASHKO 's website, Central Document Library (CDL) and Compliance Office's sharepoint, which shall only be available for "read purposes" only. The printing or reproduction of the Corporate Governance Manual by any employee or Officer of CASHKO is strictly prohibited.

Compliance Office shall ensure timely issuance of e-mail notification on revisions to the Manual with direct reference to updated postings in the aforementioned media.

PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on CASHKO 's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual;

- In case of first violation, the subject person shall be reprimanded.
- Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
- For third violation, the maximum penalty of removal from office shall be imposed.

The commission of a third violation of this Manual by any member of the Board of CASHKO or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

The Chief Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

-End of Document-

Approved by the Board of Directors on _____

PART VII: ANNEXES

Annex 1

Code of Business Ethics for Members of the Board of Directors

Statement of Policy

It is the policy of CASHKO to maintain its excellent reputation for ethical behaviours and fair dealings in the conduct of its business. Board members are expected to behave in an ethical manner, and comply with the requirements of laws and regulations. Directors represent the ultimate tone at the top, and when directors act in an ethical manner, they send a clear signal to the whole team.

This Code of Business Ethics will serve as guide to the Board members on their business conduct, establish an agreed set of ethical principles, promote and maintain confidence and trust in CASHKO , and prevent the development and acceptance of unethical practices.

The Code of Business Ethics shall apply to all members of the Board of Directors of CASHKO . All members of the Board shall uphold and promote the principles of this code.

Principles of the Code of Business Ethics

Members of the Board shall observe the highest standards of ethical conduct. They will avoid any action or inaction, which could in any way, impair CASHKO 's capacity to carry out its duties, or compromise its reputation for integrity, fairness, honesty and transparency.

A Board Member is expected to:

- Be fit and proper for the duration of his term. He shall:
 - Possess unquestionable credibility to make decisions objectively and resist undue influence;
 - Treat board directorship as a profession and have clear a understanding of his duties and responsibilities, as well as his role in promoting good governance;
 - Maintain his professional integrity, exercising objective independent judgement on corporate affairs requiring Board decision;
 - Continuously seek to enhance his skills, knowledge and understanding of the activities that CASHKO is engaged in, or intends to pursue so as to meaningfully contribute to the Board's work;
 - Safeguard the institution's competitiveness with his working knowledge of the statutory and regulatory requirements, the contents of the institution's articles and by-laws, the requirements of the BSP and other regulatory agencies, as well as the developments in the industry through continuing professional development activities.
 - Devote time and attention necessary to properly discharge duties and responsibilities;
 - Attend and actively participate in Board and Committee meetings, requesting and reviewing materials, making reasonable inquiries, and requesting explanations.
- Act in a financially responsible manner, understanding financial reports, audit reports and other financial materials that are presented to the Board
- Act judiciously. He shall
 - Thoroughly evaluate the issues before deciding on matters brought before the Board for decision making;
 - Understand the financial, strategic and other implications of decisions.
- Use his position appropriately. He shall
 - Treat other directors with professionalism, courtesy and respect;

- Work cooperatively with fellow members towards agreed goals while accepting the obligation to be independent in judgement and actions;
- Use the Group's resources or time for official purposes and not for personal gain, for the benefit of persons or organizations not connected with the Group, or for the benefit of competition;
- Conduct fair business transactions and ensure that personal interest does not bias Board decisions, nor would the position be used to seek an undue advantage for yourself, family members and associates;
- Where possible, avoid situations that would compromise his impartiality or give rise to a conflict of interest. If such transactions with conflict of interest cannot be avoided, these should be done in the regular course of business and upon terms not less favourable to the institution than those offered by others;
- Promptly and fully disclose to the Chairman of the Board, the Chairman of the Corporate Governance Committee or the Corporate Secretary, any conflict of interest, whether of an actual or potential nature, and whether involving his personal (including family or close personal friends) or business affairs;
- When encountering potential conflicts of interest, depending on assessed significance, take one of the following courses of action (in order of increasing significance): (a) refrain from voting on a relevant matter during a Board meeting, (b) withdraw from discussion of relevant matter(s) during a Board meeting, (c) take a leave of absence from the Board for a period, or (d) resign from the Board.
- Act with honesty and good faith, with loyalty and in the best interest of the institution and its stakeholders. He shall:
 - Be open and transparent in his dealings;
 - Avoid activities that may bring disrepute to the institution and to himself;
 - Not engage in any outside business, professional or other activities that would directly or indirectly materially adversely affect the institution;
 - Give due regard to the rights and interests of other stakeholders;
 - Deal fairly with customers, suppliers, competitors and employees, not taking unfair advantage of stakeholders through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any unfair-dealing practices;
 - Promote and respect safety and health of all employees, customers and other third parties with whom he comes in contact with;

- Provide equal opportunities to all employees and aspirants for employment, irrespective of gender, religion or race, with merit being the sole discriminating factor;
- Minimize any detrimental impact of CASHKO operations on the environment.
- Encourage the reporting of any illegal or unethical behaviour. He shall:
 - Promote ethical behavior and take steps to ensure that the Company encourages employees to (a) talk to appropriate personnel when in doubt about the best course of action in a particular situation, (b) report violations of laws, rules, regulations, or the Company's Code of Conduct, and (c) inform employees that the Company will not allow retaliation for reports made in good faith.
- Use information appropriately. He shall:
 - Ensure information gained as a Director is only applied to proper purposes and is kept confidential and not used for personal benefit;
 - Exercise discretion regarding Board information which is not in the public domain, as well as information handled via facsimile or other electronic transmission devices to ensure that this is not inadvertently made available to unauthorized parties;
 - Strictly maintain confidentiality of Information, even if he is no longer a member of the Board;
 - Not give tips to others on trading of shares on the basis of material information before it is made publicly available. Such information includes news about acquisitions, investments, new business relationships, financial results, important management changes, and other information that has the potential to affect the stock price of publicly listed CASHKO Corporation.
- Ensure compliance with regulatory/legal requirements. He shall:
 - Ensure and actively promote compliance by employees, officers and other directors with laws, rules and regulations applicable to the company, including insider trading laws;
 - Ensure appropriate disclosures to the Company Secretary on details of outside employment, business interests or interests of any of family members which may be in conflict or potential conflict with businesses of CASHKO Group.
- Exercise due care in accepting gifts, favours and entertainment.
 - Accepting occasional gifts and entertainment in role as director may be appropriate in developing business relationships;

- Gifts and entertainment should further the business interests, and should not be lavish or in excess of the generally accepted business practices in the industry;
- Soliciting or requesting personal gifts, entertainment or services is not acceptable;
- Accepting gifts of cash or cash equivalents is also always unacceptable;
- Position should not be exploited to provide individual preferential treatment from vendors in pricing or terms.
- Demonstrate leadership and stewardship. He shall:
 - Promote and support the application of the values of CASHKO ;
 - Act in accordance with this Code of Business Ethics.

Where issues arise that cannot be specifically foreseen in this Code, directors shall be expected to exercise sound judgement and behaviour, consistent with the General Principles mentioned above.

Upon completion of engagement as a director, he is expected to:

- (a) Immediately deliver to the Company all property in his possession that belongs to the Company;
- (b) Not to represent himself as being in any way connected with the Company (other than as owner of financial interests such as shares);
- (c) Repay to the Company any amount due and payable to the Company.

Enforcement

Any member of the Board requiring clarification of this Code may contact the Corporate Secretary or any officer specifically designated by the Board of Directors.

Directors should communicate any suspected violations of this Code promptly to the Chairman of the Board, or the Chairman of the Corporate Governance Committee for deliberation of non-compliance issues for sanctions and penalties.

The Board shall oversee that there is a proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. The Company's ethics policy shall be communicated across all the group through awareness campaign and continuous training.

Annex 2 – Performance Evaluation

Annex 2.a - Board of Directors

Rating Criteria/Sheet Board of Directors			
		Met	Not Met
<u>(1) Membership</u>			
a. At least 5 and maximum of 15			
b. At least 20% but not less than 2 independent directors			
c. Sufficient number of non-executive members			
d. No individual or small group dominates decision making			
e. Majority are residents of the Philippines			
f. Organization has clear definition and delineation of lines of responsibility esp between Chairman and President/CEO			
g. Chairman is non-executive			
<u>(2) Conduct of Board Meetings</u>			
a. Compliance with Charter and regulations in conduct of affairs of CASHKO			
Number of meetings per Charter (____)			
Actual number of meetings (____)			
b. All board/committee meetings are minuted and documented			
c. Appropriate records are maintained			
d. Conducted through modern technologies (ie. teleconferencing/ videoconferencing) that allows active participation of directors who are not physically present during meetings			
e. Maintain and periodically update organizational rules, by-laws or other documents setting out its organization, rights, responsibilities or key activities			
f. Structure itself into committees to promote efficiency and critical discussion of issues and thorough review of matters			
g. Appoint members of committees considering optimal mix of skills and experience of board members			
h. Approve, review and update (at least annually) or whenever there are significant changes, the respective charters of each committee			
i. Independent views in board meetings are given full consideration			
<u>(3) Meetings with Senior Management</u>			
a. Set frequency of meetings with Senior Management for discussion and review of management reports			
b. Set frequency of review of policies, self-assessment functions (internal audit, risk oversight and compliance) to determine areas of improvement and to promptly identify and address significant risks and issues			
<u>(4) Meetings of Non-Executive Directors</u>			
Meet regularly, other than meetings of Audit and Risk Oversight, in the absence of Senior Management, with the External Auditor,			

	Heads of Internal Audit, Compliance and Risk Management			
<i>(5) Board Roles and responsibilities</i>				
<i>Approve strategic objectives of the institution</i>				
	* approve policies on all major business activities			
	* approve major capex, equity investments and divestments			
	* regular monitoring and review of performance against objectives			
<i>Define the level of risk tolerance for activities</i>				
	* approve policies/procedures on risk management, including trust			
	* ensure adequate resources allocated to risk management			
	* establish authority limits for lending, investing, and other risk areas			
	* provide mechanism to ensure compliance with policies			
<i>Appoint competent Management team; replace when necessary</i>				
	* ensure relevance of Senior Management's expertise and knowledge			
	* assess and monitor performance of Management team ensuring consistency with approved policies			
	* put in place formal performance standards for assessment of Senior Mgnt.			
	* regularly meet with Senior Management for discussion and review of reports and information provided			
	* set the frequency of meeting with Senior Management for discussions and review of performance			
	* conduct regular review of CASHKO 's policies, internal controls and self-assessment functions (ie. Internal Audit, Risk Management and Compliance)			
	* have an appropriate succession plan in place			
	* appoint Chief Risk Officer and Compliance Officer who shall be vested with authority, support and resources			
<i>Ensure that CASHKO continuously provides services and facilities that are supportive to national economy</i>				
<i>Lead in establishing tone of good governance from the top</i>				
	* Set in place policies covering:			
	a. DOSRI and related party transactions ensuring regulatory compliance and no stakeholder is unduly disadvantaged			
	b. Definition of related party transactions to capture relevant transactions that could pose material risk or potential abuse			
	c. Acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest and unethical conduct			
	d. Prevention of the use of the facilities of the CASHKO for the furtherance of criminal, improper or illegal activities			
	e. Explicitly discourage taking of excessive risks			
	f. Employees' compensation scheme aligned with prudent risk taking			
	g. Transactions of the pension fund are conducted at arm's length terms			
	h. Allowing employees to communicate, with protection from reprisals, legitimate concerns about illegal, unethical or questionable practices directly to the Board or any independent unit			

	i. Means to confidentially report concerns or violations to appropriate body			
	j. How concerns raised by employees above shall be investigated and addressed			
	k. Communication of corporate values, codes of conduct and other standard			
	* Regularly monitor and review compensation scheme to ensure it operates and achieves the objectives as intended			
	* Ensure fully funded pension funds & recognition of appropriate liability			
	appropriate liability			
	* System of checks and balances			
	a. For the Board among its members			
	b. For the Board over the CEO and key managers			
	c. For the key managers over the line officers of the CASHKO			
	* Annual (at least) assessment of performance and effectiveness			
	a. Of the Board as a body			
	b. Of various Board committees			
	c. Of board composition for balanced membership			
	d. Evaluation process in place via peer group analysis or benchmarking			
	* Confirm performance ratings given by President or Senior Management to:			
	a. Chief Risk Officer			
	* Board members and shareholders are informed			
	a. Understandable assessment of CASHKO 's financial condition and risk exposures			
	b. Reasonable access to any information about CASHKO at all times			
	<i>Define an appropriate corporate governance framework that will contribute to effective oversight over entities in the group</i>			
	* Approve appropriate corporate governance policies, practices and structures that will enable oversight of entire group			
	* Ensure appropriateness of policies, practices and structures in the light of growth,			
	increased complexities and geographical expansion of the group			
	* Define level of risk tolerance of the group, linked to adequacy of capital of the group			
	* Ensure adequate resources are available for all entities in the group to			
	effectively implement and meet governance policies, practices and systems			
	* Establish system of monitoring compliance of each entity in the group with applicable policies, practices, systems			
	* Define and approve policies and clear strategies for the establishment of new structures			

	* Understand legal and operational implications of group structure and how			
	how various profiles of risk exposures affect the group's capital, risk profile under normal and contingent circumstances			
	* Develop sound and effective systems for generation and sharing information			
	within the group, management of risks and effective supervision of the group			
	* Require risk management, compliance and internal audit group to conduct formal review of group structure and activities to assess consistency with Board approved policies, practices and strategies and report the results of their assessment directly to the Board			
	* Disclose to the BSP all entities in the group, as well as all significant transactions between entities in the group involving any BSP regulated entity			
<u>(6) Enhancement of Shareholder Value</u>				
	Market Capitalization - end of year			
	Market Capitalization - start of year			
	Improvement in Shareholder Value			
	Share price - end of year			
	Share price - start of year			
	Improvement in share price			
<u>(7) Audit Comments on Oversight Responsibility of the Board</u>				

Annex 2.b - Individual Director

RATING CRITERIA/SHEET INDIVIDUAL DIRECTOR									
Name of Director:					Date:				
								Met	Not Met
<u>A. Fit and Proper (considering: integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/diligence/knowledge/experience)</u>									
* unquestionable credibility for objective decision making									
* resists undue influence									
* clear understanding of duties and responsibilities									
* clear understanding of role in promoting good governance									
* maintains professional integrity									
Possess qualifications and none of disqualifications as indicated in CorGov Manual									
					# of Meetings	Attendance	% Attendance		
<u>B. Attendance</u>									
Annual Shareholders' Meeting									
Board Meetings									
Committee Meetings									
ExCom									
Number of Other Board Memberships in CASHKO subsidiaries									
<u>C. Competence</u>									
(1) Continuously seeks to enhance his skills, knowledge and understanding of CASHKO activities									
(2) Up to date with respect to BSP Circulars and other regulatory issuances									
(3) well-informed of industry developments and business trends									
(4) Understanding of the CASHKO 's Articles and By-laws									
<u>D. Preparedness/Diligence</u>									
(1) Time and attention devoted to properly discharge duties and responsibilities									
(2) Sufficient time devoted to familiarize self with CASHKO 's business									
(3) Thorough evaluation of issues, asking questions and seeking clarification when needed									
<u>E. Participation</u>									
(1) Active participation in the Board and Committee meetings, requesting and reviewing meeting materials, asking questions and requesting explanations									
<u>F. Judgment</u>									
(1) thoroughly evaluate issues, asking questions and seeking clarifications when necessary before deciding on any matter raised									
(2) Independent judgment with objective view of problem/situation									
(3) state position of disagreement, even if unpopular									
(4) support plans and ideas that are beneficial to the institution									

<u>G. Candor, Fairness and Transparency</u>			
(1) Board decisions not biased by personal decisions			
(2) Conflict of interest situations are avoided, or if not avoided, transactions are done in regular course of business and upon terms that are not less favorable to the CASHKO than those offered to others			
(3) Act in the best interest of the CASHKO and other stakeholders			
(4) Observe confidentiality with respect to non-public information by by reason of position as director			
<u>Additional Items For Independent Directors (check for compliance)</u>			
(1) is not or has not been a member of the executive committee of the Board			
(2) is not an officer or employee of the CASHKO , its subsidiaries or affiliates or related interests			
(3) is not a director or officer of related companies of the company's majority shareholders			
(4) is not a stockholder with shares sufficient to elect one seat to the Board of the company, or its related companies, or its majority corporate shareholders			
(5) is not a relative within the 4th degree, legitimate or common law of a director, officer or stockholder holding shares sufficient to elect one seat in the Board of the CASHKO or its related companies			
(6) is not acting as nominee or representative of any director or substantial shareholder of the CASHKO , its related companies, or any of its substantial shareholders			
(7) is not a retained professional adviser, counsel, consultant, agent of the institution			
Term as independent director :			
(maximum = 9 years)			
where substantial shareholder = 10% holdings or ability to elect one board seat			

<u>Annex 2.c - Chief Executive Officer</u>				
<u>Rating Sheet for the Chief Executive Officer</u>				
Particulars	Target	Met	Not Met	Remarks
Financial Perspective				
Strategic/Operating Plan in place				
ROE leadership				
NIAT contribution				
Market Capitalization improvement				
Risk Management				
Internal Audit Rating				
External Audit Rating				
Regulatory Audit Rating (CAMELS/SAFr)				
AMLA Rating				

Regulatory Compliance/Penalties				
Manpower Perspective				
Labor-Management Relations				
Employee Turnover/Attrition Rate				
Employee Retention Programs				
Training and Development				
Succession Planning				
Health and Safety				
Customer Perspective				
Market Share				
Customer base				
Market Presence (distribution channels)				
Alternative Channels				
Service quality rating				
New products/programs				
New Businesses				
Society Perspective				
Environmental Compliance				
Community Activities				
Image/Reputation				

Annex 2.d					
Rating Sheet for the Corporate Governance Committee					
				Met	Not Met
<u>(1) Membership</u>					
At least 3 members of the Board of Directors					
Two independent directors					
Chairman is independent director					
<u>(2) Procedures</u>					
Annual Review (at least) of Charter					
Number of meetings per Charter		4 Meetings on an annual basis			
Actual number of meetings					
Appropriate records are maintained					
<u>(3) Responsibilities</u>					
Review and evaluate qualifications of:					
* Persons nominated to the Board					
* Those nominated to other positions requiring appointment by the Board					
Propose objective performance criteria for Board approval					
Oversee periodic evaluation/assessment of:					

	* The Board				
	* Board members				
	* Its committees				
	* Executive Management				
	* Self-assessment of itself (annual)				
	Recommend:				
	* Guidelines that address multiple board seats				
	* Continuing education of directors				
	* Assignment to Board committees				
	* Succession plan for the Board members and senior officers				
	* Remuneration for Board members commensurate with corporate and individual performance				
	Report to the Board results of assessment on review of group structure, controls and activities to assess consistency of board approved policies, practices and strategies for the compliance function				

DRAFT

Annex 2.e

<u>Rating Sheet for the Risk Oversight Committee</u>					
			<u>Met</u>		<u>Not Met</u>
<u>(1) Membership</u>					
	At least 3 members of the Board of Directors				
	At least one independent director				
	Chairman is a non-executive member				
	Members possess a range of expertise and adequate knowledge of risk exposures				
<u>(2) Procedures</u>					
	Annual Review (at least) of Charter				
	Number of meetings per Charter				
	Actual number of meetings				
	Appropriate records are maintained				
	CRO and Risk management unit communicate formally and informally to Committee any material information relative to the discharge of its function				
<u>(3) Responsibilities</u>					
	Develop written plan defining practical strategies for managing and controlling major risks to reduce the chance of harm				
	Oversee implementation of risk management plan via regular discussions on current risk exposures from regular management reports				
	Assessment of how concerned units/offices reduced these risks				
	Evaluate risk management plan for continued relevance, effectiveness and comprehensiveness				
	Revisit strategies for emerging or changing exposures				
	Oversee system of limits of discretionary authority delegated to Management				
	Ensure system remains effective and that limits are observed				
	Ensure that immediate corrective action is taken when limits are breached				
	Identify and evaluate exposures, with priority over risks most likely to occur and are costly when they happen				
	Regularly report to the Board the entity's over-all risk exposure, actions taken to reduce the risks and recommend further action or plans as necessary				
	Report to the Board results of assessment on review of group structure, controls and activities to assess consistency of board approved policies, practices and strategies				
	Approve the policies and implementing guidelines as may be recommended for risk management purpose				
	Oversee the management of the Risk Management Division				

Annex 2.f

<u>Rating Sheet for the Audit Committee</u>					<u>Met</u>	<u>Not Met</u>
<u>(1) Membership</u>						
	At least 3 members of the Board					
	With 2 independent directors					
	With non-executive Board members					
	Chairman is independent director					
	With accounting, auditing or related fincl mgt expertise/experience					
	CEO/CFO/Treasurer are NOT audit Committee members not a member of Trust Committee					
<u>(2) Procedures</u>						
	Annual Review (at least) of Charter					
	Number of meetings per Charter					
	Actual number of meetings					
	Appropriate records are maintained					
<u>(3) Functions/Responsibilities</u>						
	Set up of Internal Audit Department					
	Appointment of internal auditor					
	Appointment of external auditor					
	Internal/external auditor report to Audit Committee					
	Appointment/dismissal of external auditors are made by independent and non-executive committee members					
	Monitor and evaluate internal control system for adequacy and effectiveness					
	Review and approve audit scope and frequency receive key audit reports					
	Ensures that Senior Management is taking necessary corrective action in a timely manner to address weaknesses/non-compliance					
	With full access to and cooperation by Management					
	Provided with adequate resources to effectively discharge its functions					
	Annual (at least) review of internal controls (financial, operational, compliance controls) and risk management					
	Report to the Board results of assessment on review of group structure, controls and activities to assess consistency of board approved policies, practices and strategies					
	Evaluate and determine non-audit work, if any, of the external auditor, and periodically reviewing the non-audit fees to be paid to the external auditor and to the CASHKO 's overall consultancy expenses.					
	Disallow any non-audit work that will conflict with the duties as external auditor or may pose threat to his independence. The non-					

	audit work, if any, if allowed should be disclosed in CASHKO 's annual report.		
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Annex 3.1

Policy on Related Party Transactions

I. Objective

To put in place a sound and effective system of identifying, evaluating, approving, reporting and monitoring related parties and related party transactions in consonance with prescribed laws and regulations.

II. Scope

This Policy shall cover transactions or dealings with the CASHKO related parties regardless of whether or not a price is charged, and the guidelines and procedures to identify, prevent or manage and report potential or actual conflicts of interest which may arise from credit, counterparty, reputational or material/special risk or potential abuse of any of the following persons, viz:

- A. Employees in relation to their personal investments in CASHKO Group or in the transactions or deals administered by the CASHKO Group;
- B. Directors, Officers, Stockholders and Related Interest as defined under DOSRI rules;
- C. Clients in relation to huge ticket transactions with high reputational risk
- D. Creditors in relation to borrowings, commitments, fund transfers and guarantees
- E. Suppliers of goods, materials and services
- F. Third Parties and other stakeholders in relation to independent evaluation of bids/prices

This policy shall not replace the existing Policy Regarding Conflict of Interest.

In addition, this Policy shall apply to all subsidiaries, affiliates and/or entities within CASHKO Group to ensure the effective corporate governance oversight by the Board over the entire group.

III. Definition of Terms

A. **Related parties** shall cover the following:

- 1. subsidiaries and affiliates of CASHKO ;
- 2. any party that CASHKO exerts direct/indirect control over or that exerts direct/indirect control over CASHKO ;
- 3. subsidiaries, affiliates and special purpose entities of number 2;
- 4. directors, officers, stockholders and related interests (DOSRI) of CASHKO with RI limited to 1st degree relatives;
- 5. close family members of CASHKO's directors, officers and stockholders (DOS) within the second degree of consanguinity or affinity, legitimate or common law, viz;
 - a) spouse
 - b) parent

- c) child
- d) brother
- e) sister
- f) grandparent
- g) grandchild
- h) parent-in-law
- i) son-/daughter-in-law
- j) brother-/sister-in-law
- k) grandparent-in-law
- l) grandchild-in-law

Common law relatives arise from "live-in relationship."

- 6. Corresponding persons in affiliated companies or DOS of the affiliated companies and their close family members.
- 7. Other person/juridical entity whose interests may pose potential conflict with the interest of CASHKO. This pertains to Board-identified related parties.

B. Control of an enterprise exists when there is:

- a) Power over more than one-half of the voting rights by virtue of an agreement with other stockholders; or
- b) Power to govern the financial and operating policies of the enterprise under a statute or an agreement; or
- c) Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- d) Power to cast the majority votes at meetings of the board of directors or equivalent governing body; or
- e) Any other arrangement similar to any of the above.

Control is presumed to exist if there is ownership or holding, whether direct or indirect, of 20 percent or more of a class of voting shares of a company.

Should CASHKO choose to disclaim or rebut the presumption, it should provide facts sufficient to show that there is indeed no control. Further, CASHKO shall submit a written commitment that:

- (1) shares owned or held are exclusively for investment purposes;
- (2) CASHKO stockholder will not serve on the Board of Directors and will not nominate any candidate to serve on the Board or otherwise seek board representation;
- (3) CASHKO -stockholder will have only limited contacts with CASHKO Management that are customary for interested shareholders;

- (4) CASHKO - stockholder will engage only in normal and customary transactions with the enterprise; and
- (5) CASHKO will not pledge the shares acquired to secure a loan with any institution.

C. **Subsidiary** refers to a corporation or firm more than fifty percent (50%) of the outstanding voting stock of which is directly or indirectly owned, controlled or held with power to vote by its parent corporation.

D. **Affiliate** shall refer to an entity linked directly or indirectly to a CASHKO by means of:

- 1. Ownership, control or power to vote of at least 20% of the outstanding voting stock of the borrowing entity, or vice-versa;
- 2. Interlocking directorship or officership, where the concerned director or officer owns, controls or has the power to vote of at least 20% of the outstanding voting stock of the borrowing entity;
- 3. Common stockholders owning at least 10% of the outstanding voting stock of the CASHKO or at least 20% of the voting stock of the borrowing entity;
- 4. Management contracts or any arrangements granting power to the CASHKO to direct or cause the direction of Management and policies of the borrowing entity;
- 5. Permanent proxy or voting trusts in favor of the CASHKO constituting at least 20% of the outstanding voting stock of the borrowing entity, or vice versa.

Note: In cases where the borrowing entity is linked to the lending CASHKO both as DOSRI and as a subsidiary or affiliate, the DOSRI rules shall apply.

E. **Related party transactions** are transactions or dealings with related parties of CASHKO , including its trust department, regardless of whether or not a price is charged.

- 1. These shall include, but not limited to the following:
 - a) On- and off-balance sheet credit exposures and claims and write-offs;
 - b) Investments and/or subscriptions for debt/equity issuances;
 - c) Consulting, professional, agency and other service ; arrangements/contracts;
 - d) Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements);
 - e) Construction arrangements/contracts;
 - f) Lease arrangements/contracts;
 - g) Trading and derivative transactions;
 - h) Borrowings, commitments, fund transfers and guarantees;
 - i) Sale, purchase or supply of any goods or materials; and
 - j) Establishment of joint venture entities.
- 2. RPTs shall include outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party when there is/are alteration/s to the

terms and conditions, or increase in exposure level after the non-related party becomes a related party.

The prospective treatment should, however, be without prejudice to supervisory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

3. RPT shall exclude transactions concerning deposit operations, regular trade transactions involving purchases and sales of debt securities traded in an active market, and those granted under BSP-approved fringe benefit programs, except those with credit card lines with amounts falling under the materiality threshold as defined in this policy.

F. Materiality threshold for RPTs pertains to a level where omission or misstatement of the transaction could pose significant risk to CASHKO and could influence the economic decisions of its Board of Directors, viz:

Type of transactions	Materiality Threshold
DOSRI Transactions	Regardless of Amount
Non-DOSRI transactions:	
Credit transactions	Amount of Credit Facility prescribed to be elevated to the Executive Committee per CASHKO 's Policy
Non-Credit transactions	Php 5Million

These thresholds shall be reviewed semi-annually and may be changed upon discretion of the Board as may be needed for proper risk management.

IV. Policies

CashKo Inc. (CASHKO), being an advocate of good corporate governance recognizes that Related Party Transactions (RPTs) may give rise to a conflict of interest. In this regard, CASHKO, through its Board of Directors (Board), shall ensure effective conduct of robust due diligence and sound reporting and monitoring of transactions of CASHKO with Related Parties under the following minimum guidelines and requirements:

- A. **Arms-length terms** - RPTs shall be reviewed to ensure that they are conducted in the regular course of business and 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.

The price discovery mechanisms used and the results obtained should also be disclosed in the proposal. This may include acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.

B. **Conflicts of interest** - Evaluation of RPTs shall cover identification and prevention or management of potential or actual conflicts of interest which may arise.

- a) The members of the Board, stockholders, and Management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting CASHKO . The disclosure shall include a description of his material interest, the nature of the RPT and the amount involved.;
- b) Directors and officers with personal interest in the transaction shall abstain from the discussion, approval and management of such transaction or matter affecting CASHKO .
- c) However, where there is no Director or Officer directly involved or will be involved in the RPT, it shall be the primary responsibility of the Relationship Managers (RMs) or the person in-charge with handling client accounts in the respective Business/Operation Units of CASHKO and its subsidiaries and/or affiliates, to ensure that Related Parties and Related Party Transactions are properly identified and evaluated

C. **Related Parties database** -

1. Credit Division- Head Office Operations Group shall build-up and maintain the Related Parties database which shall be periodically reviewed and updated to capture organizational and structural changes in CASHKO and its related parties.
2. The designated officers of the following groups shall provide the list of related parties and the extent of their relationship with CASHKO and type and amount of exposures, viz:
 - a) Human Resources Development Division – for officers and staff of CASHKO and its subsidiaries
 - b) Office of the Corporate Secretary – for Board of Directors of CASHKO and its subsidiaries
 - c) Business and operating units – for clients (individual or juridical entity)
 - i. Relationship Managers and Account Officers shall secure relevant updates on the business and personal affiliations of the clients and provide immediate update to respective risk control units.

D. **Review and Approval**

1. The Related Party Transaction Committee shall review all credit and non-credit transactions with a related party that cross the materiality threshold.
2. The Board of Directors shall approve the following:
 - a) all material credit and non-credit related party transactions endorsed by the Related Party Committee;

- b) any renewal or material changes in the terms and conditions of related party transactions;
 - c) all DOSRI transactions regardless of amount as required under existing rules;
 - d) all write-offs of exposures to related parties;
 - e) breaches in internal limits for individual and aggregate exposures to related parties
 - f) governing policies on related party transactions and all subsequent changes thereto.
3. All material related party transactions shall be confirmed by a majority vote of stockholders in the annual stockholders' meeting

E. Disclosure, Minutes and Reporting to Stockholders

- 1. All final decisions of the Board on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders meetings and duly reflected in the minutes of board and stockholders' meetings.
- 2. All decisions under the delegated authority must be properly recorded in the minutes of the committee meetings.

F. Internal limits for individual and aggregate exposures

The internal limits or sub-limits for individual and aggregate exposures to a related party and for aggregate exposures to all related parties, in addition to existing prudential limits, shall be based on historical transactions as to range of amount, subject to pertinent risk indicators and monitoring limits.

Breaches in limits shall be reported to the Board of Directors with the decision of the Board to accept the exposure or to take steps to address the breaches, as may be necessary, duly documented in the minutes of meetings.

G. Whistle blowing mechanisms

The whistleblowing mechanisms provided in the CASHKO 's Codes of Conduct for the employees and the Board shall apply.

- H. **Write-off and recovery of costs/losses** - The existing policy on write-off and recovery of receivables shall apply .

CASHKO 's Code of Conduct shall be applied in handling personnel, officers or directors, who have been remiss in their duties in handling RPTs.

- I. **Capital Planning** - Material risks arising from RPTs shall be considered in the capital planning process. The prescribed scenario/stress tests under the capital planning process shall also capture RPTs in order to determine whether CASHKO is well-insulated from any going concern issue of related parties.

V. Governance Framework

A. Board of Directors

The Board of Directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. Towards this end, the Board of Directors shall carry out the following duties and responsibilities:

1. To observe good governance and approve an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged. A group-wide RPT policy shall be adopted, encompassing all entities within CASHKO group that is regulated by BSP/SEC, taking into account their size, structure, risk profile and complexity of operations.
2. To approve all material RPTs, those that cross the materiality threshold, and write-off of material exposures to related parties, and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of RPTs shall also be approved by the Board of Directors.
3. To establish an effective system to:
 - a) Determine, identify and monitor related parties and RPTs;
 - b) Continuously review and evaluate existing relationships between and among businesses and counterparties; and
 - c) Identify, measure, monitor and control risks arising from RPTs.
4. To delegate to the appropriate management committee the approval of RPTs that are below the materiality threshold, subject to confirmation by the Board of Directors.
5. To maintain adequate capital against risks associated with exposures to related parties.
6. To oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing. The Board should ensure that Senior Management addresses legitimate issues on RPT that are raised. The Board should take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals.
7. To constitute an RPT Committee in addition to the committees prescribed under the appropriate section of the Manual of Regulations of Non-Bank Financial Institutions

(MORNBFI) on the creation of board committees, and to provide adequate resources to said Committee, including the authority to procure the assistance of independent experts, if necessary, to assess the fairness of RPTs.

B. Senior Management and Self-Assessment Functions

1. Senior Management shall:
 - a) implement appropriate controls to effectively manage and monitor RPTs on a per transaction and aggregate basis;
 - b) monitor exposures to related parties on an ongoing basis to ensure compliance with CASHKO's policy and BSP's regulations.
2. Internal Audit shall:
 - a) conduct a periodic formal review of the effectiveness of CASHKO's system and internal controls governing RPTs to assess consistency with the Board-approved policies and procedures;
 - b) submit and discuss the resulting audit reports, including exceptions or breaches in limits, to the Audit Committee.
3. Compliance Office shall:
 - a) ensure that CASHKO complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties;
 - b) aid in the review of the CASHKO's transactions and identify any potential RPT that would require review by the Board or RPT Committee;
 - c) ensure that the RPT policy is periodically assessed and kept updated and is properly implemented throughout the CASHKO Group.

VI. Disclosure and Regulatory Reporting

- A. Disclosure in CASHKO 's Annual Report of the following:
 1. overarching policies and procedures for managing RPTs, including managing of conflicts of interest or potential conflicts of interest;
 2. responsibility of RPT Committee;
 3. nature, terms and conditions, as well as original and outstanding individual and aggregate balances, including off-balance sheet commitments, of material RPTs.
- B. Reports
 1. Internal

Report on Individual and Aggregate Exposure Limits per Related Party including status thereof for reporting to the RPTC and to the BOD.

Source/Preparer: Business & Support Units per Section VII of the policy

Frequency & Due Date: Monthly every 10th working day of the month

2. Bangko Sentral ng Pilipinas (BSP)

Report Name	Schedule of Reporting	Remarks
Report on Conglomerate Structure (Annex A)	within 30 calendar days after the end of every calendar year	Annual Report; Shall indicate disclosure on beneficial owners of shareholdings that are in the name of PCD Nominee Corporation
Report on Material Related Party Transactions (Annex B) <i>(This replaces the Intragroup Transaction Report required per BSP Circular 749)</i>	within 20 calendar days after the end of each reference quarter	Quarterly Report; Shall indicate: 1. Material RPTs of CASHKO and 2. Material RPTs of CASHKO 's non-CASHKO financial subsidiaries and affiliates

Transactions concerning deposit operations, credit card availments, regular trade transactions involving purchases and sales of debt securities traded in an active market, are excluded from the reporting requirement to Insurance Commission. Provided, that credit card lines with amounts falling within the definition of "material transactions" shall be reported to the IC upon approval of the line and to the BIR (BIR RR No. 19-2020) was a transaction transpired.

Lease contracts and other similar contracts with recurring payment transactions shall only be reported once, upon approval of said transaction by the Board of Directors. In case the parties involved in the transactions are both supervised by the BSP, only the lessor, in case of a lease contract, or the party engaging/requesting for the services of CASHKO, in case of other contracts, shall submit the report.

Annex 3.2

PERSONAL INVESTMENT POLICY

I. POLICY STATEMENT

Directors, officers and personnel (DOP) of CASHKO and its subsidiaries (CASHKO Group) may make investments for their personal or family accounts as long as they are consistent with appropriate ethical considerations, laws and regulations including this Policy, viz:

- A. All personal investments must be based solely on publicly available information. Obtaining an advance knowledge over a material information in the course of the performance of related functions shall not be used to gain a price advantage in making investment. This shall include refraining from engaging in insider trading, trading during black-out period and front-running.
- B. All personal investments shall not be in conflict with the activities of the CASHKO Group in relation to the achievement of business goals and fulfilment of customer responsibilities. The DOP's investment must only emanate from his capacity as an employee of an entity within the CASHKO Group and not as an investor acting in behalf of a separate entity outside the CASHKO Group.
- C. All personal investments should be above board.

The DOP of CASHKO Group should not use their positions to obtain favored treatment to buy or sell commodities, currencies or securities for their own, or family accounts. CASHKO Group personnel engaged in investment research may not deal in securities which they anticipate recommending for purchases or sale.

- D. All personal investments must generally be oriented towards a philosophy of investment as distinguished from short-term or speculative trading.

This policy provides minimum standards and specifies investment practices which are either prohibited or subject to special constraints.

II. DEFINITION

- A. Personal Investment Transactions are investment transactions of DOP of CASHKO Group, covering:
 - 1. one's own account or
 - 2. jointly with any of the members of DOP's immediate family sharing the same household (first level of consanguinity and affinity) under "and", "or", "and/or", "in trust for the account of", as follows:
 - a) For single employees – parents
 - b) For married employees – spouse, children, parents, parents-in-law

3. any account, other than a customer account, over which the DOP has direct or indirect power to make investment, or any other transactions or decisions

B. Allowable Personal Investment Transactions are classified into:

1. Covered Transactions

These are transactions involving investment instruments or commodity which are actively traded in the market, managed and controlled by any member of the CASHKO Group and entered into by covered persons as defined in this policy and thus require prior approval:

- a. investment transactions geared towards long-term investments i.e. with tenors/holding period of fifteen (15) days or more, such as:
 - i. CASHKO shares of stock
 - ii. Other Publicly Listed Companies shares of stock underwritten by CASHKO subsidiary investment house or chosen as investment instrument for/by customers by member/s of CASHKO Group as Fund Manager/Trustor/Broker
 - iii. Non-PDEX listed transactions
 - iv. Fixed Income Securities not convertible to equity e.g. Treasury bills, foreign exchange treasury notes, foreign currency government bonds, foreign currency corporate bonds
- b. foreign exchange buy or sell for non-trade purposes

2. Excluded Transactions

These are personal investment transactions on investment instruments which are not actively traded in the market, regardless if entered into by covered persons as defined in this policy or by any CASHKO Group DOP, and thus do not require prior approval:

- a. time deposits and certificates of deposit in local or foreign currency;
- b. long-term insurance contracts;
- c. dividends and subscriptions to rights issues on existing holdings;
- d. CASHKO stock and options on said stock as long as one does not possess material non-public information about CASHKO;
- e. open-ended investment schemes such as unit trusts or mutual funds, and any other investment which the CASHKO may declare to be excluded.

- C. Restricted Personal Investment Transactions are transactions prohibited from being executed or entered by Restricted Persons due to conflict of interest. These primarily pertain to:
1. Derivative transactions prohibited to be executed by officers and staff of Treasury Group and Treasury Operations and
 2. Trading in CASHKO shares during black-out period prohibited to be executed by covered persons under Section IV.a).
- D. Covered Persons are Directors, officers and personnel (DOP) CASHKO Group whose functions involve participation in research, advisory, recommendation or decision-making in investment activities for the account of CASHKO Group or their customers.
- Covered persons are required to secure prescribed approval before executing specific personal transactions .
- E. Restricted Persons are Directors, officers and personnel (DOP) of CASHKO Group who are absolutely prohibited from engaging in certain transactions at certain circumstances due to conflict of interest .
- F. Short term or Speculative Trading is defined as trading transactions with tenor/holding period of less than fifteen (15) days.
- G. Insider Trading is an unlawful activity committed by an insider who pertains to a director or officer or person performing similar functions, or a person controlling the issuer, when he gives access to material information about the issuer or the security that is not generally available to the public or, he sells or buys a security of the issuer, while in possession of material information with respect to the issuer or the security that is not generally available to the public (*Section 3.8 of the Securities Regulations Code*).

In addition, trade transactions of insider's spouse or relatives by affinity or consanguinity within the second degree, legitimate or common-law shall be considered in determining commission of insider trading (Rule 27 of Implementing Rules & Regulations, Securities Regulations Code - SRC IRR).

- H. Black-out period is defined as the period wherein certain covered persons are not allowed to engage in trading of CASHKO shares due to the material information that such persons have access to.

This shall commence five days before the date of material non-public information is disclosed to the Philippine Stock Exchange (PSE) and up to two days thereafter.

- I. Front Running is the unethical practice of a broker trading an equity in his personal account based on advanced knowledge of pending orders from the brokerage firm or from clients, allowing him to profit from the knowledge.

III. CONTROLLED INVESTMENT PRACTICE

- A. Prohibition on Insider Trading – Pursuant to Section 27 of the Securities Regulation Code (SRC), CASHKO Group strictly observes the prohibition on insider trading. Certain Restricted Persons are prohibited to engage in trading of CASHKO shares during the black-out period which commences five (5) days before the date of disclosure of the material non-public information up to two (2) full trading days thereafter. Transactions of Restricted Persons that are made during the said period shall be halted with or without their consent.
- A. Directors, officers and personnel of CASHKO group shall deal or trade CASHKO and other PLC shares with CASHKO’s accredited brokerage house only. Dealing of securities may be coursed through other accredited brokerage/investment house subject to prior notification to the Chief Compliance Officer and submission of an accomplished Authority to Access Account Information (Form 6). Except in the case of Covered Persons who are governed by SRC rules and regulations (i.e Traders/salesman engaged in Equities, who are only allowed to maintain one dealing account with his employing broker which shall be registered under his name).
- B. All covered investment transactions of covered persons shall require approval of the respective appropriate officer. To avoid conflict of interest or appearance of conflict of interest, certain Restricted Persons are absolutely prohibited from investing on some investment products of the CASHKO . (Refer to Section IV A and B).

IV. **APPROVAL MATRIX**

A. **COVERED TRANSACTIONS**

Covered Transactions	Covered Persons	Approving Authority
a) Trading of CASHKO Shares	1. Directors, Officers (SVP and up) 2. Officers and staff of the following: i. Investor Relations ii. Compliance Office iii. Office of Corporate Secretary iv. Corporate Communication v. Financial Control Division vi. Office of Chief Finance Officer vii. Asset Management Group viii. Trust ix. Members of ALCO x. Members of the Management Committee xi. <u>Office of the Chairman</u> xii. <u>Permanent Resource Person of ALCO such as Head of Market & Liquidity</u>	Chief Compliance Officer

	<p>3. Directors, Officers and staff</p> <p>4. members of his immediate family sharing the same household of the above- mentioned individuals as defined in Section II.A.2 of this policy</p> <p>5. Other CASHKO Group’s personnel who possess or are recipient of material non-public information related to CASHKO shares</p> <p><u>Rational:</u> These covered persons have access to material information regarding the CASHKO Group and/or CASHKO shares which are not generally available to the public.</p> <p>Note: Trading of CASHKO shares is prohibited during the black-out period as defined in Sec. II.H.</p>	
		Associated Person (pursuant to SRC Ruling)
b) Trading of other PLCs shares	<p>Officers and staff of the following:</p> <ol style="list-style-type: none"> 1. CASHKO Asset Management Group 2. CASHKO Trust Group 3. CASHKO Treasury Group <p><u>Rational:</u> These covered persons perform functions which involve investment advisory/research, mergers & acquisitions, venture capital, fund/portfolio management, underwriting, dealing or trading of securities, commodities, futures or other property of CASHKO for the account of clients.</p>	Chief Compliance Officer

	5. Officers & Staff	Associated Person
c) Treasury Products		
(i) Foreign Exchange buy & Sell	<p>Officers and staff of Treasury & Treasury Operations</p> <p><u>Rational:</u></p> <p>Covered Persons-Treasury personnel act as dealers/traders/salespersons of FX currency.</p> <p>Covered Persons-Treasury Operations personnel have access to financial information regarding FX currency trading transactions of CASHKO and its clients</p>	<p><u>Up to P25Mn</u></p> <p>Chief Finance Officer-CFO or President-CEO;</p> <p>Executive Director in the absence of the CFO/CEO</p> <p><u>Above P25Mn</u></p> <p>Related Party Transactions Committee</p>
(ii) Fixed Income securities not convertible to equities:	<p>Officers and staff of Treasury & Treasury Operations</p> <p><u>Rational:</u></p> <p>These covered act as dealers/brokers/salespersons of fixed income securities.</p> <p>Covered Persons-Treasury Operations personnel have access to financial information regarding fixed income securities transactions of the CASHKO and its clients .</p>	<p><u>Up to P25Mn</u></p> <p>Chief Finance Officer-CFO or President-CEO;</p> <p>Executive Director in the absence of the CFO/CEO</p> <p><u>Above P25Mn</u></p> <p>Related Party Transactions Committee</p>
<p>a. PHP Government securities (Treasury Bills, Fixed Income Treasury Notes, Retail Treasury Bonds)</p> <p>b. Foreign Currency Government Bonds</p> <p>c. Foreign Currency Corporate Bonds</p>	<p>Officers and staff of the following:</p> <p>1. CASHKO Asset Management Group</p> <p>2. CASHKO Trust</p> <p><u>Rational:</u></p>	<p><u>Up to P25Mn</u></p> <p>Chief Finance Officer-CFO or President-CEO;</p>
(iii) Derivatives		

	<p>These covered persons perform functions which involve fund management for clients .</p> <p>CASHKO Treasury & Treasury Operations are restricted from engaging in derivatives transactions</p>	<p>Executive Director in the absence of the CFO/CEO</p> <p><u>Above P25Mn</u></p> <p>Related Party Transactions Committee</p>
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B. RESTRICTED TRANSACTIONS

Restricted Transactions	Restricted Persons	Approving Authority
1. Derivative transactions	Officers and staff of Treasury Group & Treasury Operations Division	None/Not allowed
2. Trading of CASHKO shares during black-out period	Covered Persons under Section IV. a)	None/Not allowed

V. **PROHIBITED PRACTICES**

The following practices are ***strictly prohibited*** for CASHKO personnel:

- **Misuse of Material Non-Public Information or Inside Information**

Information about a company that is not known by the investing public, the knowledge of which might influence the price of the securities of that company, may not be used by CASHKO 's Directors, Officers and Personnel for their Personal Transactions nor disclosed to others including the immediate family members or even within CASHKO other than on a "need to know" basis.

It is CASHKO 's policy to use confidential information received from a customer only for the specific purpose intended when the information was given. To prevent misuse of material non-public information, policies and procedures will be set up to ensure that sensitive information known to persons in one part of the business is not made known to others so that decisions made are based only on information known to that business. Such procedures shall include restricted access to credit files and confidential documents, restricted participation in "deal teams," and need-to-know information sharing.

- **Breach of Customer Confidentiality**

Our customers have the right to expect confidentiality, and every effort must be made to avoid a failure to fulfill this expectation. Public or private discussion of the affairs of customers should always be avoided. Information about former, current and prospective CASHKO

customers must be kept confidential except when an obligation to report the activities to the appropriate authorities exists. These are as follows:

1. The information concerns illegal activities by the customer;
2. Disclosure is required by law;
3. The customer permits disclosure of the information.

- **Conflicts of Interest**

CASHKO employees shall not buy or sell a commodity or currency, nor buy or sell, nor subscribe to, a security on the basis of knowledge:

- Of a probable change in investment attitude and consequent action by CASHKO with respect to a commodity, currency or security
- That CASHKO is effecting or proposes to effect transactions in the commodity, currency or security, or other transactions which may affect the price of the commodity, currency or security to a material degree
- That CASHKO is contemplating a transaction of any kind that would have a material effect on a particular commodity, currency or security.

Note: Please refer to the Conflict of Interest Policy

- **Abuse of Position**

CASHKO personnel should not use their positions to obtain favored treatment to buy or sell commodities, currencies or securities for their own, or family accounts. CASHKO personnel engaged in investment research may not deal in securities which they anticipate recommending for purchases or sale.

VI. ENFORCEMENT POLICIES AND PROCEDURES

A. Acknowledgment Receipt of Personal Investment Policy

All CASHKO personnel are required to acknowledge receipt and understanding of the CASHKO's Personal Investment Policy. All CASHKO personnel are required to submit Form 1 to the Human Resources Department (HRD). The same shall form part of the employee's 201 file.

B. Acknowledgment as Covered Person

All Covered Persons will be notified of their status as such by HRD and acknowledge said appointment in writing at the point of hiring or upon assuming a rank and/or function that would result in a covered person status. The form is required to be renewed annually (Form 7).

C. Reportorial Requirement

1. In Trading of CASHKO shares, the following reportorial requirement must be observed:
 - a) Covered Persons shall submit to the Compliance Office or Corporate Secretary the Notice of Opening an Account with a CASHKO-owned Vehicle (Form 3) should they intend to invest or trade in CASHKO shares.
 - b) Covered Persons who intends to/trade on CASHKO shares shall:
 - i. notify the Office of the Corporate Secretary one day prior to trading;
 - ii. submit to Office of the Corporate Secretary within 3 days after the trading, viz:
 - duly-filled-up SEC Form (23 A/ Form 23 B) by Directors and Officers (SVP & up and their immediate family members sharing the same household
 - prescribed SEC B Trading form (Form 6) for covered persons under Section IV.a). 2 and 3
 - iii. submit to Office of the Corporate Secretary monthly report of all CASHKO transactions every 5th working day of the immediately succeeding month
2. Covered Persons who will invest or trade securities other than CASHKO shares with an outside firm must obtain approval of the Chief Compliance Officer and submit a Notice of Opening an Account with an outside firm (Form 4). Upon notification to the third-party firm, employee shall submit to Compliance Office an accomplished Authority to Access Account Information (Form 5).
3. Covered persons shall transact all foreign exchange buy and sell transactions at the Employees Desk of the Human Resources Department.

The Channel Manager shall be responsible for:

- a) Ensuring that all covered persons foreign exchange transactions are properly approved before processing and
- b) Submitting monthly details of all foreign exchange transactions to Compliance Office every fifth working day of the immediately succeeding month.

D. Access

A Covered Person is required to provide a written authorization to the Compliance Officer, if deemed necessary, for the full access of CASHKO to any and all information concerning his account, whether in-house or with a third-party.

F. Compliance Requirement

All CASHKO personnel are expected to have a thorough knowledge and understanding of this Personal Investment Policy, with the obligation to comply with its provisions. In case of

doubt on the propriety of any proposed Personal Transaction, the Compliance Office may be consulted.

G. Records

All forms shall be safekept by Compliance Office.

H. Sanctions and Penalties

Any employee or officer who violates the Personal Investment Policy shall be subject to disciplinary action under CASHKO 's Code of Conduct without prejudice to the penalty imposed under the Revised Securities Act of the Philippines for insider trading, which set a fine of not less than P50,000.00 nor more than P5,000,000.00 or imprisonment of not less than 7 years nor more than 21 years or both in the discretion of the court.

VI. AMENDMENT AND APPROVAL

Proposed changes on the Personal Investment Policy and any of its guidelines, procedures and appendices shall be elevated / approved as follows:

1. Periodic review by Compliance Office
2. Approval by the Corporate Governance Committee (CGCom) and confirmed by the CASHKO 's Board of Directors