

AXELUM RESOURCES CORP.



**MANUAL ON
CORPORATE GOVERNANCE**

Adopted on 20 March 2019

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MANUAL ON CORPORATE GOVERNANCE AXELUM RESOURCES CORP

The Board of Directors (the “Board”), Executive Committee, Management and Staff of AXELUM RESOURCES CORP. (the “Company”), hereby commit themselves to an open governance process through which its shareholders may derive assurance that, in protecting and adding value to its financial and human investment, the Company is being managed ethically, according to prudently determined risk parameters, and striving to achieve local best practices.

Part I – OBJECTIVE

This manual shall institutionalize the principles of good corporate governance in the entire Company.

The Company believes that corporate governance, the system by reference to which companies are managed and controlled and from which the organization’s values and ethics emerge, is of utmost importance to the Company’s shareholders, and will therefore undertake every effort possible to create awareness throughout the entire organization.

Part II – COMPLIANCE SYSTEM

Establishing a Competent Board

It shall be the Board’s responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

Composition and Board Diversity

The Board of Directors should, as far as practicable, be composed of qualified individuals with diverse backgrounds (gender, age, ethnicity, culture, skills, competence and knowledge) to effectively enable the Board to decide on corporate matters with the benefit of the varied experiences of the board members, and at least a majority should be non-executive directors

The Board shall be composed of seven (7) directors who shall be elected at each annual meeting of the stockholders, to serve for a term of one (1) year. Each director shall be eligible for re-election in accordance with the Articles of Incorporation of the Company.

The names of directors submitted for election or re-election shall be accompanied by sufficient biographical details to enable shareholders to make an informed decision in respect of their election.

As a publicly listed company, and unless another number is required by law, the Corporation shall have at least two (2) independent directors or such number as to constitute at least twenty percent (20%) of the members of the Board, whichever is higher. The Independent Directors are possessed of qualifications as may be required by law and the Corporate Governance Manual of the Corporation

Independent directors may serve for a maximum cumulative term of nine (9) years, after which, the independent director shall be perpetually barred from re-election as such independent director in the Company. The independent director then, however, may continue to qualify for nomination and election as a non-independent director. In exceptional cases, however, the Company may retain an independent director who has served for nine (9) years; Provided, that the Company should provide meritorious justifications therefor and seek stockholders' approval during the annual stockholders' meeting. The nine-year maximum term for independent directors shall be reckoned from 2012, as per SEC Memorandum Circular No. 9 series of 2011 and SEC Memorandum Circular No. 4 series of 2017.

The Board shall designate a Lead Independent Director among the Independent Directors.

Training

The Company shall provide newly- elected Directors with an orientation detailing the Board's responsibilities, the various Board Committees and its respective charters, an explanation on the Company's business and operations, compliance with corporate governance principles and other matters that will assist the Director in accomplishing his duties.

All newly-elected members of the Board of Directors shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute, provided that they have not previously attended such seminar. Such seminar for newly-elected directors should be for at least eight (8) hours, with the following topics sufficiently covered therein: Revised Code of Corporate Governance, ASEAN Corporate Governance Scorecard and SEC Annual Corporate Governance Report, board responsibilities; illegal activities of corporations/directors/officers, insider trading, protection of minority shareholders, short swing transactions, liabilities of directors, confidentiality, conflict of interest, related party transactions, case studies, and financial reporting and audit.

Newly-elected directors who have previously attended such seminar and re-elected directors shall be required to annually attend a corporate governance training seminar for at least four (4) hours.

2.0. THE CORPORATE SECRETARY

The Corporate Secretary, who shall be a Filipino citizen and resident, is an officer of the Company. The Corporate Secretary shall not concurrently be a member of the Board or the Compliance Officer of the Company. His loyalty to the mission, vision and specific business objectives of the Company come with his duties.

The following shall be the specific duties and responsibilities of the Corporate Secretary:

- a. Assist the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
- b. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meeting of the Board and its committees, as well as other official records of the Company;
- c. Advise on the establishment of additional board committees and their terms of reference;
- d. Work fairly and objectively with the Board, Management, stockholders, and other stakeholders;
- e. Have appropriate administrative and interpersonal skills;
- f. If he is not at the same time the Company's legal counsel, to be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities, including relevant laws and rules affecting the industry and operations of the Corporation, to be able to effectively advise the Board on all relevant issues as they arise;
- g. Have a working knowledge of the operations of the Company;
- h. Inform the members of the Board, or of the committees of the Board, as the case may be, in accordance with the By-Laws, of the agenda of their meetings at least five (5) working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- i. Attend all Board meetings except when justifiable causes, such as illness, death in the immediate family, and serious accidents prevent him from doing so;

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- j. Ensure that all Board and committee procedures, rules, and regulations are strictly followed by members;
 - k. Oversee the drafting and amendments of the by-laws and ensure that they conform with regulatory standards;
 - l. Perform required administrative functions pertaining to his office, as defined in the Company's by-laws and pertinent government regulations.

2.1. COMPLIANCE OFFICER

To insure adherence to corporate principles and best practices, the Company shall appoint a Compliance Officer who shall monitor the progress and status of the Company's corporate governance activities.

The Compliance Officer shall be a separate individual from the Corporate Secretary. The Compliance Officer should not be a member of the Board and must be an officer with stature and authority within the Company to implement its compliance objectives and functions.

The primary objectives and functions of the Compliance Officer are as follows:

- a. To promote awareness of good corporate governance and accountability within the Company;
- b. To monitor compliance with the provisions and requirements of this Manual, determine violations, and recommend penalty for violation thereof for further review and approval by the Board;
- c. To ensure compliance with the Code of Corporate Governance of the Philippines;
- d. To issue certification every 30th of January, and the publication in the Annual Report for each fiscal year, on the extent of the Corporation's compliance with this Manual;
- e. Appear before the Securities and Exchange Commission ("SEC") on behalf of the Company, on similar matters that need to be clarified;
- f. Plan and organize seminars for the continuing progression of all the directors and senior management in the Company.

The appointment of the Compliance Officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

2.2. CHARTER OF THE BOARD OF DIRECTORS

The Board shall be primarily responsible for the institution of and compliance with the principles of good corporate governance. It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities to ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders.

Membership

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

The Corporation shall have at least two (2) independent directors or such number as to constitute at least twenty percent (20%) of the members of the Board, whichever is higher. The Independent Directors are possessed of qualifications as may be required by law and the Corporate Governance Manual of the Corporation.

Policies Relating to the Board

a. Board Diversity Policy

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

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

b. Policy on Multiple Board Seats

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

However, as a matter of policy, the Non-Executive members of the Board of Directors should concurrently serve as directors only to a maximum of five

(5) publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company.

c. Access to Information

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

The Chairman of the Board of Directors

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

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

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

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- h. Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
 - i. Make sure that performance of the Board is evaluated at least once a year and discussed or followed up on.

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

If the Chairman of the Board is non-independent and/or the position of the Chairman and Chief Executive Officer are held by the same person, the Board shall designate a lead director among the independent directors to perform the functions prescribed in this Manual and/or the applicable SEC rules and regulations.

Meetings

- a. The directors should attend and actively participate in all meetings of the Board in person or through tele-/video-conferencing conducted in accordance with the rules and regulations of the Securities and Exchange Commission; except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.
- b. The Board may, to promote transparency, require the presence of at least one (1) Independent Director in all of its meetings. However, the absence of an Independent Director shall not affect the quorum requirements if he is duly notified of the meeting but, notwithstanding such notice, fails to attend.
- c. The Board of Directors shall meet at least once every quarter. Board meetings shall, as far as practicable, be scheduled in advance before the start of the year.
- d. Items to be discussed during the board meeting shall be made available to each director at least five (5) days in advance. In emergency circumstances, however, the meeting may be called on a shorter notice.

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- e. Non-executive Directors, headed by the Lead Independent Director, shall meet periodically with the External Auditor and the Head of Internal Audit, without the presence of Executive Directors and key officers.

Authority and Responsibilities of the Board of Directors

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

- a. Install a process of selection to ensure a mix of competent directors and officers, regardless of age, gender, race and religion.
- b. Be responsible to the shareholders for the good standing of the Company, the management of its assets for optimum performance and the strategy for its future development.
- c. Set the strategic objectives of the Company, establish the Company's vision and mission, determine investment policy, agree on performance criteria and delegate to management the detailed planning and implementation of that policy, in accordance with appropriate risk parameters.
- d. Be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks.
- e. Monitor compliance with policies, and achievement against objectives, by holding management accountable for its activity through the measurement and control of operations by regular reports to the Board, including monthly performance reporting and budget updates. The Board shall establish an effective performance management framework that will ensure that the performance of Management and personnel is at par with the standards set by the Board and senior management.
- f. Define the Company's policy on disclosing non-financial information, with emphasis on the management of economic, environmental, social and governance issues of the Company's business. The Board shall consider the adoption of globally recognized standards/frameworks in reporting nonfinancial and sustainability issues.

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- g. Ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, and conduct itself with honesty and integrity in the performance of its duties and responsibilities.
 - h. Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them. For purposes of maintaining open lines of communication with its various stakeholders, the Corporate Secretary and/or the Investor Relations Officer are designated as stakeholder engagement touchpoints through whom the stakeholders may course their concerns. The Company shall ensure that there is sufficient dialogue between the Company and the stakeholders in the community in which the Company operates, especially on concerns pertaining to sustainability.

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

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

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

- i. that the level of remuneration is commensurate to the responsibilities of the role;
- ii. that the remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.

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

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- p. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of management, board members, and shareholders. The Board shall also approve the Internal Audit Charter.
 - q. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted.
 - r. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.
 - s. Establish and maintain an alternative dispute resolution system to settle conflicts between the Corporation and its stockholders or other third parties, including regulatory authorities.
 - t. Designate a lead director among the Independent Directors if the Chairman of the Board is not an independent director, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.

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

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

Duties and Responsibilities of Directors

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

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

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

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

The Company's Conflict of Interest Policy follows below.

- b. To devote time and attention necessary to properly discharge his duties and responsibilities. He should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of, and knowledgeable with, the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials, and, if called for, ask questions or seek explanation. The non-executive directors of the Board should concurrently serve as directors to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management proposals/views, and oversee the long-term strategy of the Company. Before accepting a directorship in another Company, a director should notify the Board where he is an incumbent director.
- c. To act judiciously. He shall evaluate the issues, ask questions and seek clarifications necessary before deciding on any matter brought before the Board.
- d. To exercise independent judgment. He shall view each problem or situation objectively. Should a disagreement with other directors arise, he should carefully evaluate and explain his position. He should not be afraid to take unpopular positions if he thinks such ideas are beneficial to the Company.
- e. To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its articles of incorporation and by-laws, the requirements of the SEC, and, where applicable, the requirements of other regulatory agencies. He shall also keep himself informed of industry developments and business trends in order to safeguard the Company's competitiveness.
- f. To observe confidentiality. He should keep secure and confidential all nonpublic information he may acquire or learn by reason of his position as director. He shall not disclose any information to any other person without the authority of the Board or the Executive Committee.

The Company's Insider Trading Policy follows below.

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

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

Outside Advisors

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

Miscellaneous

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

POLICY ON CONFLICT OF INTEREST

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

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

1. The Company's Manual on Corporate Governance provides that a director shall have the duty to conduct fair business transactions with the Corporation and to ensure that personal interest does not (bias Board

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

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

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

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

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

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

EMPLOYEES

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

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

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

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

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

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

INSIDER TRADING POLICY

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

I. Purpose

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

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

II. Definition of Terms

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

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

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

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

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

III. Prohibition Against Insider Trading

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

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

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

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

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

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

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

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

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

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

IV. Reportorial Requirements

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

and indirect beneficial ownership of ARC securities as well as any change in such beneficial ownership.

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

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

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

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

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

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

V. Monitoring and Compliance

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

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

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

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

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

Grievance Procedure

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

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

VI. Policy Review

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

2.3. CORPORATE GOVERNANCE AND NOMINATION COMMITTEE CHARTER

The Corporate Governance and Nomination Committee is tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices.

The Corporate Governance and Nomination Committee shall likewise advise the Board with respect to matters relating to the composition of the Board. The Committee identifies individuals qualified to become Board members and, consistent with criteria reviewed by the Corporate Governance and Nomination Committee and approved by the Board, recommends to the Board nominees for director for election at the next annual meeting of stockholders, including any incumbent directors.

The Corporate Governance and Nomination Committee shall also assist the Board and the Company's Management in defining the Company's executive compensation policy and in carrying out various responsibilities relating to compensation of the Company's executive officers and directors, including: evaluating and approving compensation to the Chief Executive Officer and evaluating and recommending to the Board compensation to all other executive officers; reviewing and recommending to the Board compensation to non-employee directors; and overseeing the development and administration of the Company's compensation and benefit plans.

I. Purposes

The purposes of the Corporate Governance and Nomination Committee shall be three-fold:

- a. *Corporate Governance*
To assist the Board of Directors in the performance of its corporate governance responsibilities.
- b. *Nomination of Directors/Officers*
To identify individuals qualified to become members of the Board of Directors and, consistent with criteria approved by the Board, recommend that the Board select the Director nominees for the next annual meeting of stockholders.

It shall prescreen and short list all candidates nominated to become a member of the Board of Directors in accordance with the qualifications criteria and grounds for disqualification provided in the Revised Manual on Corporate Governance.

In consultation with the executive or management committees, review at regular intervals and if so necessary redefine the role, duties and

responsibilities of the Chief Executive Officer and other executive officers of the Company with the aim of maintaining at all times acceptable standards of good governance.

c. *Compensation of Directors/Officers/Employees*

Review and, if necessary, establish a formal and transparent policy on executive remuneration and recommend to the shareholders the remuneration of directors.

The determination of the remuneration of senior management and other key personnel is the responsibility of the Chief Executive Officer. The compensation and remuneration committee should however ensure that compensation levels are consistent with the Corporation's financial capability as well as reasonable industry standards.

Cause the development of a form on Full Business Interest Disclosure as part of the pre-employment requirements for all officers and directors which should require all officers and directors to declare, under the penalty of perjury, all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties to the Corporation. Such Disclosures should be updated at least every year. It should be clear that it is mandatory for officers and directors even within the yearly reporting period to declare prior to actually investing in or acquiring an interest, being employed or retained in any manner by a competitor or potential competitor.

II. Membership

The Corporate Governance and Nomination Committee shall consist of a minimum of three (3) members appointed by the Board of Directors, all of whom should be independent directors including the Chairman. It shall have the powers and duties defined in this Manual and in the By-laws of the Corporation, as may be applicable.

The Chairman and members of the Committee shall be appointed annually by the Board. Vacancies shall be filled by election by the Board, and any member of the Committee may be removed by the Board.

The Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

III. Meetings

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1. The Corporate Governance Committee shall meet at least twice a year, in accordance with the annual meeting schedule or at the call of the Chair or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business.
 2. Procedures fixed by the Corporate Governance Committee shall be subject to any applicable provision of the Company's By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting and shall be accompanied by any recommendations to the Board approved by the Committee.

IV. Key Responsibilities

Corporate Governance

- a. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments.
- b. Oversee the periodic performance evaluation of the Board and its committees as well as executive management and conducts an annual self-evaluation of its performance. The Committee may engage the services of an external body to facilitate the evaluation of the Board of Directors as a whole, the individual directors, Board Committees, and the President; at least once every three (3) years.
- c. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.
- d. Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance.
- e. Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.
- f. Propose and plan relevant trainings for the members of the Board.

Nomination of Directors/Officers

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- a. Develop and recommend for approval by the Board a set of criteria for Board membership. Identify, evaluate and attract qualified individuals to become Directors who satisfy such criteria, which may be done through professional search firms or other similar mechanisms. Make recommendations to the Board regarding candidates for membership on the Board, including the slate of nominees to be proposed by the Board for election by the stockholders at the annual meeting of stockholders and any director nominees to be elected by the Board to fill interim director vacancies. Establish and follow procedures for the recommendation of candidates by the Company's stockholders and the consideration by the Governance Committee of Director candidates so recommended.

The nomination of directors shall be conducted by the Corporate Governance and Nomination Committee prior to a stockholders' meeting in accordance with the following:

- i. All stockholders of record of the Corporation shall be entitled to nominate persons who shall be considered by the Corporate Governance Committee.
- ii. All nominations should be submitted to the Corporate Governance and Nomination Committee on or before January 30 of each year to allow the Corporate Governance and Nomination Committee sufficient time to assess and evaluate the qualifications of the nominees.
- iii. All recommendations for the nomination of Independent Directors shall be signed by the nominating stockholders. All nominees for directorship shall submit to the Committee their acceptance of the nomination, together with their consent to be elected as such directors.
- iv. The Committee may engage the services of professional search firms or other reputable external sources when searching for candidates for election to the Board of Directors.
- v. After the nomination, the Corporate Governance and Nomination Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the Securities and Exchange Commission (SEC) and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports as the Corporation will be required to submit to the SEC.

The name of the person or group of persons who recommended the nomination of the independent director(s) shall be identified in such report, including any relationship with the nominee.

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- vi. Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained after the List of Candidates shall have been prepared and finalized. No further nominations for election as director shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
 - vii. To preserve the integrity of the election process, the Corporation may employ the services of a third party to validate the voting results.
 - b. Assess the contributions and independence of incumbent Directors in determining whether to recommend them for re-election to the Board at the annual meeting of stockholders.
 - c. Make recommendations to the Board on such matters as the retirement age, tenure and removal of Directors.
 - d. Manage the Board performance review process and review the results with the Board on an annual basis.
 - e. Recommend to the Board candidates for appointment to Board committees and consider periodically rotating Directors among the committees.
 - f. Review directorships in other public or private companies (excluding charitable or non-profit organizations) held by or offered to Directors and executive officers of the Company.

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

Towards this end, a director should notify the Board before accepting a directorship in another publicly-listed company.

- g. Review and assess the channels through which the Board receives information and the quality and timeliness of information received.
- h. Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

In assessing the need to impose further limitations on outside directorships for individual members of the Board, the Corporate Governance and Nomination Committee may consider the following guidelines:

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- The nature of the business of the corporations which he is a director;
 - Age, and physical capacity of the director,

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

On the other hand, the Chief Executive Officer and other executive directors shall submit themselves to a lower indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

Compensation of Directors/Officers/Employees

- a. Assist Management and the Board in defining an executive compensation policy that (a) attracts, retains and appropriately rewards key executives of the Company, (b) links compensation with achievement of the Company's business objectives and (c) aligns the interests of key executives with the long-term interests of the Company's stockholders.
- b. Annually (or bi-annually in the case of bonus amounts) review and approve corporate goals and objectives relevant to the base salary, bonus amount and other compensation of the Chief Executive Officer, President and the Company's other officers.
- c. Evaluate the performance of each of the Chief Executive Officer, President and the Company's other officers in light of those goals and objectives, and determine and approve the compensation level, including base salary, bonus amount and other compensation, if any, of each such officer based on this evaluation and other relevant factors. Evaluation of the Chief Executive Officer, President's performance shall be made in consultation with the Governance Committee.
- d. Make recommendations to the Board with respect to incentive compensation plans and equity-based plans, including overseeing the development of new compensation plans and the revision of old plans.
- e. Administer the Company's incentive compensation and equity-based plans, and approve restricted stock awards, stock option grants and other equity-based or incentive awards under these plans, including any performance criteria relating to these plans or any awards.

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- f. Review the Company's employee benefit plans and either recommend plan changes to the Board or amend such plans, subject to shareholders' approval, if required.
 - g. Recommend to the Board retainer fee for Board matters, other compensation, and attendance fees, including Board committee attendance fees, for non-employee Directors.
 - h. Annually review and discuss with the Company's management the Compensation Disclosure to be included in the Company's annual report and SEC Form 17-A and SEC Form 20-IS.
 - i. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
 - j. Evaluate annually the performance of the Committee and the adequacy of this Charter.
 - k. Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

Annual Review of Charter

The Committee shall conduct annual review of this Charter and propose any enhancement as may be deemed necessary for Board approval.

Outside Advisors

The Corporate Governance Committee shall have the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions, including the sole authority to retain and terminate search firms used to identify Director candidates, and to approve any such search firm's fees and other retention terms.

Miscellaneous

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

2.4. EXECUTIVE COMMITTEE CHARTER

Between meetings of the Board of Directors, the Executive Committee may exercise all of the powers of the Board (except those powers expressly reserved by applicable law to the Board) in the management and direction of the business and conduct of the affairs of the Company, subject to any specific directions given by the Board.

Purpose

The purpose of the ExCom is to act on behalf of the Board between Board meetings.

Membership

The ExCom shall be composed of three (3) or more Directors, as determined by the Board. The Chairman of the Board shall be the Chairman of the Committee. The other members of the ExCom shall be appointed annually by the Board. Vacancies shall be filled by approval of the Board, and any member of the ExCom may be removed by the Board.

Meetings

1. The ExCom shall meet at the call of the Chairman or a majority of the members. A majority of the members of the ExCom shall constitute a quorum for the transaction of business. The passage of any resolution of the ExCom shall require the affirmative vote of a majority of the ExCom members present and voting on such resolution.
2. Procedures fixed by the ExCom shall be subject to any applicable provision of the Company's By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the ExCom shall be made to the Board at its next regularly scheduled meeting following the ExCom meeting. Actions taken by the ExCom shall be promptly communicated to the Directors who are not members of the ExCom.

Key Responsibilities

The ExCom shall have all the authority of the Board, except that it shall not have authority to:

1. Approve any action for which shareholders' approval is also required;
2. Fill vacancies in the Board or in any committee thereof;
3. Amend or repeal the By-laws, or adopt new By-laws;

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4. Amend or repeal any resolution of the Board that which, by its express terms, is not so amenable or repeal-able;
 5. Distribute cash dividends to the shareholders;
 6. Fix the compensation of Directors for serving on the Board or any committee thereof;
 7. Fix or amend the compensation, benefits or perquisites of the Chief Executive Officer;
 8. Take any action that the Corporation Code of the Philippines or the Company's By-Laws prohibit the Board from delegating to a committee; or
 9. Take any action required by the rules or regulations of the Securities and Exchange Commission or the Philippine Stock Exchange to be approved by the full Board or by another committee of the Board.

Outside Advisors

The ExCom shall have the authority to retain outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions and to approve their fees and other retention terms.

Miscellaneous

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

2.5. AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee is to represent and assist the Board in its general oversight of the Company's accounting and financial reporting processes, audits of the financial statements, and internal control and audit functions. Management is responsible for preparing the Company's financial statements, and the external auditors are responsible for auditing those financial statements.

The Audit Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of Management and the internal and external auditors under applicable rules. The Audit Committee serves a board level oversight role where it oversees the

relationship with the internal and external auditors, as set forth in this Charter, and provides advice, counsel and general direction, as it deems appropriate, to Management and the internal and external auditors on the basis of the information it receives, discussions with the internal and external auditors, and the experience of the Committee's members in business, financial and accounting matters.

Membership

The Audit Committee shall consist of a minimum of three (3) non-executive directors appointed by the Board of Directors, the majority of whom, including the Chairman, shall be independent. All members must have relevant knowledge and/or experience in areas of accounting, auditing and finance.

All Committee members should be financially literate, have adequate understanding of the Company's financial management systems and environment and at least one member of the Committee should have accounting or related financial management expertise or relevant business experience as determined by the Board.

In case of any vacancy in the Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board subject to the provision of this Charter.

Meeting

The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, or at least once every quarter, and at such times and places as the Committee shall determine.

A majority of the members of the Committee shall constitute a quorum.

The Committee will meet separately with the internal auditor, external auditors and/or Management to discuss any matters that they wish to bring to the Committee's attention.

The Committee shall report to the Board with respect to its meetings, including any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, and/or the performance and independence of the Company's external auditors. The Committee shall also schedule quarterly meetings with the Board without the presence of Management.

Committee Authority and Responsibilities

The primary responsibility of the Committee is to oversee the Company's financial controls and reporting processes on behalf of the Board and report the results of its activities to the Board. The Committee in carrying out its responsibilities, policies, and procedures should remain flexible in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The Committee shall have the following responsibilities:

- a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.
- b. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities.
- c. Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
- d. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it;
- e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- f. review the disposition of the recommendations in the external auditor's management letter;
- g. Organize an internal audit department and consider whether it will be more beneficial for the Company to appoint an Internal Auditor or outsource internal audit services. The Audit Committee shall submit its recommendations to the Board for approval, including the terms and conditions of the engagement and removal of an Internal Auditor;
- h. Through the Internal Audit (IA) Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security, and ensure the integrity of the financial reports and protection of the

assets of the Company for the benefit of all stockholders and other stakeholders.

- i. Review the reports submitted by the internal and external auditors.

- j. Review the quarterly, half-year, and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - i. Any change/s in accounting policies and practices;
 - ii. Areas where a significant amount of judgment has been exercised;
 - iii. Significant adjustments resulting from the audit;
 - iv. Going concern assumptions;
 - v. Compliance with accounting standards; and
 - vi. Compliance with tax, legal, and regulatory requirements.

- k. Coordinate, monitor and facilitate compliance with laws, rules and regulations;

- l. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

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

The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

- n. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations.
- o. Recommend the approval of an Internal Audit Charter which shall formally define the role of Internal Audit and the audit plan, as well as oversee the implementation of the Internal Audit Charter.

- p. Recommend 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.

Annual Review of Charter. The Committee shall conduct annual review of this Charter and propose any enhancement as may be deemed necessary for Board approval.

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

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

2.6. INTERNAL AUDIT CHARTER

This charter establishes the authority and responsibility conferred by the Board of Directors on the internal audit function, so that Internal Audit Group may adequately perform its role and mission. This charter also defines the position of the internal audit function in the organization so that it may be accorded a healthy level of independence to effectively carry out its duties and responsibilities.

MISSION AND SCOPE OF WORK

The mission of the internal audit is to provide independent, objective assurance and consulting services designed to add value and improve the Company's operations. It helps the Corporation accomplish its objectives by bringing in a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and the governance process.

The scope of work of the internal audit function is to determine whether the Company's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure that:

- Risks are appropriately identified and managed promptly;
- Interaction with various governance groups (i.e. BOD, Management, different Unit Heads and staff and external auditors) are set as needed;

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- Significant financial, managerial and operating information are adequate, applicable and communicated in a timely manner to appropriate staff;
 - Resources are required economically, used efficiently, and protected adequately;
 - Projects, plans and objectives are achieved, with sufficient explanation of variances;
 - Quality and continuous improvement are fostered in the Company's processes; and
 - Significant legislative or regulatory issues that affect the Company are recognized and addressed appropriately.

Opportunities for improving management controls in relation to the operational, financial and governance aspects of the business may be identified during audits. These matters shall be communicated to the appropriate level of management and to the Board of Directors through the Audit Committee.

ACCOUNTABILITY

The Board authorizes the Audit Committee to appoint the Internal Audit Head (or Chief Audit Executive) and recruit staff or outsource the internal audit function as may be deemed appropriate by the Audit Committee upon the recommendation of the Internal Audit Head. The Internal Audit Head shall be accountable to management and the Audit Committee to:

- Provide a regular assessment of the adequacy and effectiveness of the Company's process for controlling its activities and managing its risks in the areas set forth under the mission and scope of work;
- Report significant issues related to the processes for controlling the activities of the organization, including resolution of such issues and potential improvements to those processes;
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of the internal audit department resources; and
- Coordinate with and provide oversight of the other control and monitoring functions (i.e. risk management, compliance, security, legal, environmental and external audit) in the context of internal auditing.
- Report significant governance issues noted in the conduct of internal audit work or as may be brought to its attention by other Company personnel.

INDEPENDENCE

To provide for the independence of the internal audit, its personnel shall report administratively to the President and functionally to the Audit Committee in a manner outlined in the above section on Accountability.

RESPONSIBILITY

The Internal Audit Head has the responsibility to:

- Develop an annual audit plan using an appropriate risk-based methodology including any risks or control concerns identified by management, and submit that plan as well as periodic updates to the Audit Committee for review and approval;
- Implement the annual audit plan, as approved, including any special tasks or projects (i.e. including those of the subsidiaries) requested by the Audit Committee, subject to the limitation in the agreed scope of work;
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter;
- Issue periodic reports, at the very least on a quarterly basis to the Audit Committee and the appropriate management level summarizing results of audit activities;
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing; and
- Consider the scope of work of the external auditors, the parent-company internal auditors, and regulators, as appropriate, for the purpose of providing optimal audit coverage for the Company at a reasonable overall cost.
- Provide a list of significant measurement goals and results to the Audit Committee.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Assist in the investigation of significant suspected fraudulent activities within the organization and immediately notify management and the Audit Committee of the results.
- On a case to case basis and as agreed with management and the Audit Committee, participate in the systems development process and/or any special projects undertaken by the Company (systems related or otherwise). It is understood that the internal auditors' role in such special projects is purely on a recommendatory basis, and the Internal Audit team should not be part of any decision-making process by the project team in order to maintain the independence of the internal audit function.
- Follow through on the implementation of action plans committed by management to mitigate identified risks and address control lapses noted.

- Help foster a strong internal control environment through education and training within and across the Company, its subsidiaries, and associated entities as may be specified in the Annual Internal Audit Plan.

AUTHORITY

The Internal Audit Group is authorized to:

- Have unrestricted access to all functions, records, property and personnel;
- Have full and free access to the Audit Committee
- Assign the necessary number and level of staff, schedule and set frequencies of activities, and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of personnel in the different areas where they perform audits.

The Internal Audit Group is NOT authorized to:

- Perform any operational duties for the Company;
- Initiate or approve accounting transactions outside of the Internal Audit Group;
- Direct the activities of any Company employee, except to the extent such employee or employees have been appropriately assigned to assist the internal audit team.

CONFIDENTIALITY OF INFORMATION

The Internal Audit Head, its consultant(s) and staff have an obligation to keep confidential all information and records accessed in the course of its audit. Internal audit reports are strictly confidential documents which are Company property. Copies of detailed audit reports sent to the Audit Committee, the President and to those other officers who, by virtue of their position in the Company, need to be informed of the results of the audit shall at all times be marked Strictly Private and Confidential.

STANDARDS OF AUDIT PRACTICE

The Internal Audit Head, consultant(s) and staff shall meet or exceed the auditing standards set under the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

2.7. BOARD RISK OVERSIGHT COMMITTEE CHARTER

Purpose

The Board Risk Oversight Committee is established for the purpose of assisting the Board of Directors in overseeing the Company's practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The Risk Committee will assist the Board in providing framework to identify,

assess, monitor and manage the risks associated with the Company's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile.

Membership

The Committee shall be appointed by the Board and shall comprise of, at least three (3) directors, majority of whom shall be independent and who meet financial-literacy and independence standards of the Securities and Exchange Commission (SEC). Vacancies may be filled at any time during the year by action of the full Board. The term of the service for Committee members shall be one year or until their successors shall be duly elected and qualified. Unless a Chairman is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership. Majority of the members, including its Chairman, shall be independent.

Meetings

The Committee shall meet at least twice each year or more frequently as circumstances dictate. The Committee will also periodically meet with Management, the internal auditor and risk management officer to discuss any matters that they wish to bring to the Committee's attention.

Quorum at any Committee meeting shall be at least a majority of the Committee members. All determinations of the Committee shall be by the vote of at least a majority of its members present at a meeting duly called for and held. Minutes of all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members to ensure an accurate final record, and shall be approved at a subsequent meeting of the Committee and distributed periodically to the full Board.

Key Responsibilities

The Committee shall exercise the authority of the Board to:

- a. Oversee the Company's risk management function. The Committee shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assess how the concerned offices or units are addressing and managing these risks.
- b. Develop a formal risk management plan with (1) well-defined risk management goals, objectives and oversight, (2) uniform processes of assessing risks and developing strategies to manage prioritized risks, (3)

designing and implementing risk management strategies, (4) continuing assessments to improve risk strategies, processes and measures.

- c. Design and undertake its enterprise-wide risk management activities in accordance with internationally recognized frameworks. The Committee shall also draft and submit to the Board for approval an enterprise risk management framework to enable the Company to effectively identify, monitor, assess and manage key business risks.
- d. Discuss and review policies with respect to risk assessment and risk management including the company's major financial and business risk exposures and the actions Management has undertaken to control them. The Committee shall evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness.
- e. Advise the Board by setting the tone and influence the culture of risk management at the Company, which includes determining the appropriate risk appetite (risk-taker or risk-averse) or level of exposure as a whole or on any relevant individual issue, as well as determining what types of risk are acceptable to the Company and which are not.
- f. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. The Committee should prioritize the risks that are most likely to occur and to impact the performance and stability of the Company and its stakeholders.
- g. Monitor the management of significant risk to reduce the likelihood of unwelcome surprises.
- h. Satisfy itself that less significant risks are being actively managed with the appropriate controls in place and working effectively.
- i. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. To effectively carry out this function, the Committee shall regularly receive information on risk exposures and risk management activities from Management.
- j. Report to the Board, as necessity dictates, on the Company's material risk exposures, the mitigating actions taken by the Company to reduce the risk, and recommend further action or plan, if needed.

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- k. Annually review the Company's risk tolerance limits and approaches to risk management and recommend to the Board changes or improvements to key elements of its processes and procedures.

Annual Review of Charter

The Committee shall conduct annual review of this Charter and propose any enhancement as may be deemed necessary for Board approval

Outside Advisors

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

Miscellaneous

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

The Board of Directors of AXELUM RESOURCES CORP. reviewed and approved this Board Risk Oversight Committee Charter on March 20, 2019.

PART III – COMMITMENT TO CORPORATE GOVERNANCE

This manual shall be available for inspection by any stockholder of the Company during office hours.

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

The Compliance Officer shall be responsible for circulating a copy of this Manual to all Division heads.

The Corporate Governance Committee, through the Compliance Officer, shall be responsible for coordinating with all Divisions to ensure that this manual is operational.

As part of the Corporation's commitment to good corporate governance, all directors and key officers of the Corporation, including, but not limited to the Corporate Secretary, Internal Auditor, and Compliance Officer, shall undergo annual training on corporate governance, which training should be for at least four (4) hours. All newly-elected directors and key officers shall be required to a seminar on corporate governance, which seminar should be for at least eight (8) hours, with the following topics sufficiently covered therein: Revised Code of Corporate Governance, ASEAN Corporate Governance Scorecard and SEC Annual Corporate Governance Report, board responsibilities; illegal activities of corporations/directors/officers, insider trading, protection of minority shareholders, short swing transactions, liabilities of directors, confidentiality, conflict of interest, related party transactions, case studies, and financial reporting and audit. Newly-elected directors and key officers who have previously attended such seminar shall only be required to undergo the annual corporate governance training which should be for at least four (4) hours.

PART IV – REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by the respective committee through the Compliance Officer or the Corporate Governance Committee.

The Board shall commit at all times to fully disclose material information relative to the Company. It shall cause the filing of all required information with the proper regulatory authorities, with such report being comprehensive, accurate, reliable and timely. The Board shall ensure that such disclosures will give shareholders and other stakeholders a fair and complete picture of the Company's financial condition, results and business operations. The Board shall, when appropriate, consider using media and analyst's briefings as channels of communication to ensure the timely and accurate dissemination of public, material, and relevant information to its shareholders and stakeholders.

The Company shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that affects the Company. All material information that, in the judgment of the Board or the Company's management, could potentially affect share price in a significant manner, shall be publicly disclosed, so long as such disclosure does not violate regulations of the SEC, the Philippine Stock Exchange ("PSE") or any governmental body, nor any legal or binding agreement. Such information shall include but shall not be limited to earnings results, acquisition or disposal of significant assets, board changes, material related party transactions, shareholdings of directors and change of ownership. In the case of an acquisition or disposal of significant asset/s by the Company, the Company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of asset/s.

All disclosed information shall be released via the approved PSE procedure for company announcements, as well as through the annual report.

PART V – STOCKHOLDERS’ RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS’ INTERESTS

The Board shall be committed to respect the following rights of the stockholders:

5.1. VOTING RIGHT

Shareholders shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code of the Philippines.

Election of Directors shall take place during the Annual Stockholders’ Meeting of the Company. As mandated by the Corporation Code, cumulative voting shall be used in the election of directors. In voting upon any matter subject to shareholders’ approval during the annual or special stockholders’ meeting, poll voting shall be encouraged. The Company shall also make it easy for shareholders to exercise proxy voting by making available in its website the relevant proxy materials. In the interest of transparency, the Company shall make the results of the votes taken during the most recent annual or special shareholders’ meeting publicly available in the Company website the next working day. Minutes of such annual or special shareholders’ meeting shall be posted on the Company website within five (5) business days from the date of the meeting.

The Board shall be transparent and fair in the conduct of the meetings of the shareholders. The shareholders shall be encouraged to personally attend such meetings, and informed that if they cannot attend, they shall have the right to appoint a proxy. Subject to the requirements of the By-Laws, the right to designate a proxy shall not be unduly restricted.

Although directors may be removed with or without cause, a director shall not be removed without cause if it will deny minority shareholders representation in the Board.

The Company shall encourage active shareholder participation in the Annual Stockholders’ Meeting by sending to the Company shareholders the notice therefor at least ten (10) business days or such other periods required by law prior to the date of the meeting, and posting said notice in the Company website.

5.2. POWER OF INSPECTION

The Company shall allow all stockholders to inspect books and records of the Company including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours.

Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions.

5.3. RIGHT TO INFORMATION

The Company recognizes that the essence of corporate governance is transparency, hence, the more transparent the internal workings of the Company, the more difficult it will be for Management and dominant shareholders to mismanage the Company or misappropriate its assets.

Towards this end, the Board shall ensure that all material information about the Company which could adversely affect its viability or the interests of its shareholders and other stakeholders shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, remuneration of directors and Management; all of which shall be disclosed through established disclosure procedures of the stock exchange and of the SEC.

Upon request, the Company shall provide the stockholders with periodic reports and information about directors and officers, and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the compensation of directors and officers, including termination and retirement provisions. To make certain that the information on the shareholdings of directors and officers are updated, all directors and key officers shall be required to report to the Company any dealings in the Company's shares within three (3) business days.

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 should include in such information.

The Board shall appoint an Investor Relations Officer (IRO) who shall ensure Company's constant engagement with its shareholders and stakeholders. The IRO shall be present at every shareholders' meeting and shall have a designated email and telephone number to make certain that he can properly address the request of shareholders and other stakeholders for information on the activities of the Company.

5.4. RIGHT TO DIVIDENDS

Subject to the discretion of the Board, all stockholders shall have the right to receive dividends.

The Board of Directors shall adopt a dividend policy and shall recommend to approve the declaration of dividends when its retained earnings are in excess of 100% of its paid-in capital stock, except:

- a. When justified by definite corporate expansion projects or programs approved by the Board;

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- b. When the Company is prohibited from declaring dividends under any loan agreement with any financial institution or creditor, whether local or foreign, without its consent, and such consent has not been secured;
 - c. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

5.5. APPRAISAL RIGHT

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

- a. 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 of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
- c. In case of merger or consolidation.

The appraisal right may be exercised by any stockholder by making a written demand on the Corporation within thirty (30) days, for payment of the fair value of his shares.

5.6. PROMOTION OF SHAREHOLDERS' RIGHTS

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

In any intra-corporate dispute involving the Company and upon the request of the involved shareholder, the Board shall consider submitting the same for alternative dispute resolution to arbitration centers such as the Philippine Dispute Resolution Center (PDRC).

PART VI – MONITORING AND ASSESSMENT

Each Committee shall report directly to the Board of Directors.

The Corporate Governance and Nomination Committee shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officers, or employees to the penalty provided under Part VII of this Manual.

The establishment of such evaluation system, including the features thereof, shall be disclosed in the Company's annual report (SEC Form 17-A) or in such form or report that is applicable to the Corporation. The adoption of such performance evaluation system shall be covered by a Board approval.

This Manual shall be subject to annual review unless the same frequency is amended by the Board.

All business processes and practices being performed within any division of the Company that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

PART VII – 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 the Company'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:

- a. In case of **first violation**, the subject person shall be warned, reprimanded or suspended depending on the severity of the violation. Any first violation that results in any notable financial loss for the Company shall be at least reprimanded or suspended.
- b. A **second violation** may require suspension depending on the gravity of the violation.
- c. For the **third violation**, the maximum penalty of removal from office may be imposed. When removed, the subject directors, officers, or staff of the Company or its subsidiaries and affiliates, shall not be granted additional benefits except those required by law.

The Corporate Governance Committee shall be responsible for determining violations 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.

Adopted on 20 March 2019.

Signatures:

(Sgd.) **ROMEO I. CHAN**
Chairman of the Board of Directors
And Chief Executive Officer

(Sgd.) **HENRY J. RAPEROGA**
President & Chief Operating Officer

(Sgd.) **PAUL RENE Z. TAYAG**
Compliance Officer