



Josema Ordenes <josema.ordenes@prycecorp.com>

PRYCE CORP_Revised Manual on Corporate Governance_July 27, 2020

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Tue, Jul 28, 2020 at 3:33 PM

To: josema.ordenes@prycecorp.com

Dear Customer,

SUCCESSFULLY ACCEPTED

(subject to verification and review of the quality of the attached document)

Thank you.

SEC ICTD.



Josema Ordenes <josema.ordenes@prycecorp.com>

PRYCE CORP_Revised Manual on Corporate Governance_July 27, 2020

CGFD Account <cgfd@sec.gov.ph>

Tue, Jul 28, 2020 at 9:10 PM

To: Josema Ordenes <josema.ordenes@prycecorp.com>

Cc: Earl Christian Lerio <earl.lerio@prycegases.com>, Efren Palma <efren.palma@prycegases.com>, "Ma. Remren Padillo" <remren.padillo@prycegases.com>, Fritzie Liza Badoles

<fritzie.badoles@prycegases.com>, MSRD COVID19 <msrd_covid19@sec.gov.ph>, cgfd cgd <cgfd_cgd@sec.gov.ph>

Dear Mr. Ordenes,

This is to acknowledge receipt of your email. This will be forwarded to our handling Division.

On **24 June 2020**, the Commission issued a **NOTICE** with subject "*Options for the Submission of Reports, Applications and Other Documents During the Effectivity of All Community Quarantine Imposed Due to Covid-19*", as a Guidance for the covered companies indicated therein. To view the complete Notice, please click this link - http://www.sec.gov.ph/wp-content/uploads/2020/06/2020Notice_Options-in-the-Submission-of-Reports_rev.pdf.

Insofar as the covered companies enumerated therein are concerned (and with respect to reports, applications, requests and other documents falling within our Department's jurisdiction), only the submissions that are compliant with the requirements provided in the abovementioned Notice shall be considered as filed with the Commission.

We encourage you to regularly monitor the SEC Website (www.sec.gov.ph) and/or the SEC's Facebook page for updates and announcements.

Thank you.

CORPORATE GOVERNANCE AND FINANCE DEPARTMENT (CGFD)
Securities and Exchange Commission

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From: **Josema Ordenes** <josema.ordenes@prycecorp.com>

Date: Tue, Jul 28, 2020 at 2:37 PM

Subject: PRYCE CORP_Revised Manual on Corporate Governance_July 27, 2020

To: <msrd_covid19@sec.gov.ph>, <cgfd@sec.gov.ph>

Cc: Earl Christian Lerio <earl.lerio@prycegases.com>, Efren Palma <efren.palma@prycegases.com>,

Ma. Remren Padillo <remren.padillo@prycegases.com>, Fritzie Liza Badoles

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[Quoted text hidden]

2 attachments



Pryce Corp._Revised Manual on Corporate Governance_July 27,2020.pdf

794K



Pryce Corp._Certification_Rev. Manual on Corp. Governance (2020)_July 28, 2020.pdf

465K



PRYCE CORPORATION

website: www.pryce.com.ph

July 28, 2020

SECURITIES AND EXCHANGE COMMISSION
Corporate Governance & Finance Department
G/F Secretariat Building
PICC Complex, Roxas Boulevard, Pasay City

Re: SUBMISSION OF THE PRYCE CORP REVISED
MANUAL ON CORPORATE GOVERNANCE

Gentlemen:

In compliance with the SEC Memorandum Circular No. 24, Series of 2019, ***Re: Code of Corporate Governance for Public Companies and Registered Entities***, we hereby submit to the Commission our Revised Manual on Corporate Governance (July 2020).

Attached herewith are the following: 1) Revised Manual on Corporate Governance; 2) Secretary's Certificate attesting to the fact that such Revised Manual on Corporate Governance was adopted and approved by the Board of Directors of Pryce Corporation; and 3) Certification in accordance with SEC Notice dated June 24, 2020 - Options for the Submission of Reports, etc.

Thank you.

Respectfully yours,

Pryce Corporation



JOSE MA. C. ORDENES

Corporate Information and Compliance Officer



REVISED MANUAL ON CORPORATE GOVERNANCE **(In accordance with SEC Memorandum Circular No. 24, Series of 2019)**

The Board of Directors, Corporate Officers, and Management of PRYCE CORPORATION (the “Corporation”), hereby commit themselves to the principles contained in this Revised Manual on Corporate Governance (the “Manual”) and acknowledge that the same may guide the Corporation in the attainment of its goals and targets.

I. OBJECTIVE

This Manual shall supplement and reaffirm the Corporation’s commitment to the concept of sustainable development which governs the Corporation and the conducts of its affairs. Based on the foregoing, the institutionalization of good governance is a crucial factor to the Corporation’s continued growth and success.

This Manual is issued in compliance with the Securities and Exchange Commission (the “Commission” or “SEC”) **Memorandum Circular No. 24, Series of 2019 dated 19 December 2019**, otherwise known as the ***Code of Corporate Governance for Public Companies and Registered Issuers***, to develop a strong corporate governance culture in line with recent developments in corporate governance practiced in the Philippines. Corporate Governance within the company shall be that framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management on their respective duties and responsibilities to stockholders and other stakeholders, which include, among others, customers, employees, suppliers, financiers, government, and the communities in which its business units operates.

This Manual shall institutionalize the principles of good governance in the entire organization.

II. COMPLIANCE SYSTEM

A. Compliance Officer

1. Appointment

To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer

who shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.

He or She shall have direct reporting responsibilities to the Chairman of the Board but shall be primarily liable to the Corporation. The Compliance Officer should be a separate individual from the Corporate Secretary. In order for him to ably and properly fulfill his responsibilities, the Compliance Officer shall be provided with appropriate support and resources.

2. Duties of the Compliance Officer – He or She shall perform the following duties and responsibilities:
 - a. Monitor, review, evaluate and ensure the compliance by the Corporation, its officers and directors with the relevant laws, provisions and requirements of this Manual, rules and regulations and all governance issuances of regulatory agencies;
 - b. Appear before the Securities and Exchange Commission (SEC) upon summons on similar matters that need to be clarified by the same in relation to the compliance with the Manual;
 - c. Determine violation/s of the Manual and recommend imposition of appropriate disciplinary action for violations thereof for further review and approval of the Board and the adoption of measures to prevent a repetition of the violations;
 - d. Ensure the integrity and accuracy of all documentary submissions to regulators;
 - e. Collaborate with the Corporate Secretary and other departments to properly address compliance issues, which may be subject to investigation and subsequent litigation;
 - f. In coordination with the Corporate Secretary, ensure the attendance of board members and key officers in relevant trainings;
 - g. Identify and monitor compliance risks and issues and work towards the resolution of the same; and

- h. Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;
- i. Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same; and

3. Disclosure to the Securities and Exchange Commission of Appointment

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

B. Plan of Compliance

1. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors who shall be primarily responsible for the governance of the Corporation. The Board of Directors is responsible for corporate policies and the general management of the business and affairs of the Corporation. It exercises almost all the corporate powers, lays down all policies and is relied upon to run the business as efficiently as possible.

Being agents of the shareholders, the Directors are fiduciaries and the relationship thereby created is one of trust and confidence. These fiduciary responsibilities basically include the duties of loyalty, diligence and care. But since corporations are integral parts of the communities or societies in which they operate, there is now a growing need for the Board of every corporation to conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the Corporation and all stockholders.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders

and other stakeholders, and with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. To ensure a high standard of best practice for the corporation, the Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The Board shall be composed of at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the Board, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors). The nonexecutive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

2. The Chair and Chief Executive Officer

The roles of Chair and CEO should, as much as practicable, 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 Chair and CEO upon their election.

The unification of the positions of the Chair and CEO however shall not hinder the independent exercise of judgment of each director and the performance by the Board of its functions as a collegial body. Proper checks and balances should be observed to ensure that the Board gets the benefit of independent views and perspectives.

The duties and responsibilities of the Chair in relation to the Board may include, among others, the following:

- i. Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;
- ii. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management, and the directors; and

- iii. Maintain qualitative and timely lines of communication and information between the Board and Management.

3. General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

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 in the best interest of its stockholders and other stakeholders.

The Board should oversee the development of, formulate, and approve the Corporation's vision, mission, strategic objectives, business objectives and strategy, policies, and procedures that shall guide its activities, including the means to effectively monitor Management's performance. It shall also monitor their implementation, in order to sustain the Corporation's long-term viability and strength.

4. Specific Duties and Functions of the Board

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

- i. Install a process of selection to ensure a mix of competent directors and officers;
- ii. Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives;
- iii. Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- iv. Identify the Corporation's major and other stakeholders and formulate a clear policy on accurately, timely, and effectively communicating or relating with them through an effective investor relations program;

- v. Adopt a system of internal checks and balances which shall be subject to continuing review;
- vi. Identify key risk areas and key performance indicators, monitor these factors with due diligence, and ensure the effectiveness of management information and risk management reporting systems supporting organizational and procedural controls;
- vii. Establish policies to ensure the integrity and transparency of related party transactions;
- viii. Establish an alternative dispute resolution policy or policies to amicably settle conflicts or differences between the corporation, stakeholders, and third parties, including regulatory authorities;
- ix. 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; and
- x. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

5. Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- i. To conduct fair business transactions with the Corporation, including full disclosure of actual or potential conflict of interest, and to ensure that personal interest does not bias Board decisions;
- ii. To devote time and attention necessary to properly discharge his duties and responsibilities;
- iii. To act judiciously;

Before deciding on any matter brought before the Board, a director shall carefully evaluate the issues and, if necessary, make inquiries and request clarification.

- iv. To exercise independent judgment;

A director shall view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Corporation.

- v. To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.

A director shall also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness. Non-executive directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

- vi. To observe confidentiality;

A director shall keep confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

- vii. To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.
- viii. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies including business plans, operating budgets and Management's overall performance;
- ix. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices;
- x. Identify the Corporation's stakeholders in the communities in which the Corporation operates or are directly affected by its operations, and formulate a clear

policy of accurate, timely and effective communication with them;

- xi. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operation and financial viability;
- xii. Constitute and establish board committees and such other committees that focus on specific board functions which it deems necessary to assist the Board in the optimal performance of its duties and responsibilities;
- xiii. Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded. Independent views during the Board meetings shall be encouraged and given due consideration;
- xiv. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions (“RPTs”) between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers, and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationship by members of the Board;
- xv. Ensure that there is a policy governing RPTs and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material of significant RPTs, which guarantee fairness and transparency of the transactions. The policy should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations. The RPT policy of the Corporation shall contain the following, among others:
 - Definition of related parties; Coverage of RPT policy;
 - Guidelines in ensuring arms-length terms;

- Identification and prevention or management of potential or actual conflicts of interest which arise;
 - Adoption of materiality thresholds;
 - Internal limits for individuals and aggregate exposure;
 - Whistle-blowing mechanisms; and
 - Restitution of losses and other remedies for abusive RPTs.
- xvi. Oversee that a sound enterprise risk management (“ERM”) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units or business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies; and
- xvii. Keep the activities and decision of the Board within its authority under the articles of incorporation and By-Laws of the Corporation, and in accordance with existing laws, rules and regulations.

C. Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute Committees. It shall ensure that all candidates nominated to become a member of the Board of Directors shall have the following qualifications and none of the disqualifications.

Transparent Board’s nomination and election process shall be promoted.

1. Nomination Committee

The Board shall create a Nomination Committee which shall have at least three (3) voting (one of whom must be independent).

- a. It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the following qualifications and disqualifications:

i. Qualifications

- a. Holder of at least one (1) share of stock of the Corporation;
- b. He shall be at least a college graduate or have sufficient practical experience in managing the business to substitute for such formal education;
- c. He shall be at least twenty one (21) years old;
- d. He shall have been proven to possess integrity and probity; and
- e. He shall be assiduous.

ii. Disqualifications

Any of the following shall be a ground for the permanent disqualification of a director:

- a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: involves the purchase or sale of securities as defined in the Securities Regulation Code; arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker; or, arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them.
- b. Any person who, by reason of any misconduct, after hearing or trial, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; acting as a director or officer of a bank, quasi-bank, trust company, investment house, or investment company; or, engaging in or continuing any conduct or practice in any of the above capacities or wilfully violating laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the

Commission or any court or other administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.

- c. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent act or transgressions.
- d. Any person finally found by the Commission or a court or other administrative body to have wilfully violated, or wilfully aided, abetted, counselled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;
- e. Any person judicially declared to be insolvent;
- f. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- g. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

Any of the following shall be a ground for the temporary disqualification of a director:

- a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- c. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- d. Being under preventive suspension by the Corporation;
- e. If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director;
- f. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

A director who is temporarily disqualified shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification, unless a longer period is determined by the Board upon consideration of the circumstances. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

- b. In consultation with the executives or management committee/s, redefine the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
- c. The Nomination Committee shall consider the following guidelines in the determination of the number of directorships for the Board:
 - 1. The nature of the business of the Corporations which he is a director;

2. Age of the director;
3. Number of directorships/active memberships and officerships in other corporations or organizations; and
4. Possible conflict of interest.

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

- d. The Chief Executive Officer and other executive directors shall submit themselves to a low 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.

2. Compensation and Remuneration Committee

- a. The Compensation or Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.
- b. Duties and Responsibilities
 1. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment;
 2. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully;
 3. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers;
 4. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
 5. Disallow any director to decide his or her own remuneration.

6. 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.
7. Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.
8. Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

3. Audit Committee

The Corporation shall establish an Audit Committee to enhance its oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

a. Composition

The audit committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director and another with audit experience. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment. The Chair of the Audit Committee shall be an independent director.

b. Duties and Responsibilities

1. Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
2. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;

3. Review and pre-approve all internal and external audit plans, their nature, scope, resources, budget, expenses, and frequency before the conduct of actual audit;
 4. Perform oversight and direct interface functions with the internal and external auditors, review audit reports and financial statements before submission to the Board;
 5. Elevate to international standards the accounting and auditing processes, practices and methodologies;
 6. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company;
 7. Evaluate and determine any non-audit work of the external auditor, periodically review non-audit fees paid in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses, and ensure that any non-audit work will not conflict with the duties of the external auditor as such; and
 8. Supervise the establishment of an effective financial reporting and internal control system, taking into account: the extent of Management's responsibility in the preparation of the financial statements and the delineation of its functions with that of the external auditor; the effectiveness of internal control systems that will ensure the integrity of financial reports and protection of corporate assets for the benefit of all stockholders and other stakeholders; the effectiveness of internal audit plans in achieving the functions and objectives of internal audit; and, the Corporation's compliance with the Commission's financial reporting requirements.
9. Reports to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

4. Related Party Transactions Committee

The Board shall ensure that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality which shall include appropriate review and approval of material RPTs, which guarantee fairness and transparency.

a. Composition

The RPT Committee shall be composed of at least 3 member of the Board of Directors, two (2) of whom shall be independent directors, including the chairperson.

The Corporate Secretary of the Company is the secretary of the Related Party Transaction Committee.

b. Duties and Responsibilities

1. Evaluates on an on-going basis, the existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, related party transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related party and vice versa) are captured.
2. Evaluates all material RPTs to ensure that these are not undertaken on more favourable economic terms than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
3. Evaluates all material RPTs to ensure that these are not undertaken on more favourable economic terms than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of the Corporation's affiliation or transactions with other related parties;
4. Reports to the Board of Directors the status and aggregate exposures to each related party and the total amount of exposures to all related parties;
5. Ensures that transactions with related parties, are subject to periodic independent review or audit process;
6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures;
7. Perform other activities which the Committee deems appropriate as necessary and desirable for the performance of its duties and function as well such other

responsibilities which the Board may assign to the Committee from time to time.

D. The Corporate Secretary

The Corporate Secretary is an officer of the Corporation and shall perform his functions in accordance with the principles enunciated in this Manual and all applicable laws.

1. Qualifications

- a. The Corporate Secretary is an officer of the company and perfection in performance and no surprises are expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.
- b. The Corporate Secretary shall be a Filipino citizen.
- c. Considering his varied functions and duties, he must possess administrative and interpersonal skills and must work fairly and objectively with the Board, Management, stockholders and other stakeholders. If he is not the general counsel, then he must have knowledge of the laws, rules, and regulations necessary in the performance of his duties and responsibilities. He must also have some financial and accounting skills and a working knowledge of the Corporation's operations.

2. Duties and Responsibilities

- a. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;
- b. As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting in such a manner as to ensure that the members are provided accurate information to enable them to arrive at intelligent decisions on matters requiring their approval;
- c. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- d. Attend all Board meetings, maintain record of the same, and ensure the safekeeping and integrity of the minutes of all meetings and of the other official records of the Corporation;
- e. Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings;

- f. Perform required administrative functions;
- g. Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- h. Perform such other duties and responsibilities as may be provided by the SEC.

E. External Auditor

1. An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Board, after consultations with the Audit Committee.
2. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure. A preliminary copy of said report shall be given by the corporation to the external auditor before its submission.
3. The external auditor of the company shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
4. The company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.
5. If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

F. Internal Auditor

1. The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with, that governance, operations, and information systems are effective, that financial and operational information are accurate and reliable, that its operations are effective and efficient, that its assets are safeguarded at all times, and that laws, rules, regulations, and contracts are complied with.
2. The Internal Auditor shall report to the Audit Committee.

3. The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls;
4. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors:
 - a. the nature and complexity of business and the business culture;
 - b. the volume, size and complexity of transactions;
 - c. the degree of risk;
 - d. the degree of centralization and delegation of authority;
 - e. the extent and effectiveness of information technology; and
 - f. the extent of regulatory compliance.

III. STRENGTHENING BOARD ETHICS

The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the website of the Corporation.

The Code of Conduct and Business Ethics impresses upon the officers and employees and instructs them on how they are to conduct themselves in relation to fellow employees, the management, the quality of products and services, a way to do business with the customers, and a credo about safety.

The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

IV. COMMUNICATION PROCESS

- A. This manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
- B. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

- C. An adequate number of printed copies of this Manual must be reproduced under the supervision of HRD, with a minimum of at least one (1) hard copy of the Manual per department.

V. TRAINING PROCESS

If necessary, funds shall be allocated for the purpose of conducting an orientation program or workshop to operationalize this Manual.

VI. REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

- A. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer;
- B. All material information, i.e., anything that could potentially affect its viability or the interest of its stockholders and other stakeholders, including its share price, shall be publicly and timely disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.
- C. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, off balance sheet transactions, and non-audit work performed by the external auditor.
- D. The Board shall commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

VII. SHAREHOLDERS' BENEFIT: Investors' Rights and Protection

The company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the company and all its investors:

A. Rights of Investors/Minority Interests

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

1. Voting Right

- a. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code.
- b. Cumulative voting shall be used in the election of directors.
- c. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

2. Pre-Emptive Right

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

3. Power of Inspection

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

4. Right to Information

- a. The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- b. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purpose.
- c. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of

stockholders' meeting, being within the definition of "legitimate purposes".

5. Right to Dividends

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

6. Appraisal Right

The shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 80 of the Revised Corporation Code of the Philippines, 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; and
 - c. In case of merger or consolidation.
- B. It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the

solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints. The shareholders should be encouraged to personally attend stockholders' meetings and, if they cannot attend, they shall be advised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, such right shall not be unduly restricted and any doubt as to the validity of the proxy should be resolved in the stockholder's favor.

VIII. MONITORING AND ASSESSMENT

- A. Each Committee shall report regularly to the Board of Directors.
- B. The Board may establish an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in this Code. The creation and implementation of such self-rating system may be disclosed in the corporation's annual report.
- C. This Manual shall be subject to quarterly review unless the same frequency is amended by the Board.
- D. All business processes and practices being performed within any department or business unit of Pryce Corporation that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

IX. NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Corporation shall ensure disclosure of non-financial information, strategic long-term goals and operational objectives (short-term goals), to all shareholders/members and other stakeholders as well as impacts of a wide range of sustainability issues, with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.

The Corporation recognizes and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates.

The Corporation shall submit a Sustainability Report to reflect how its business growth is kept sustainable with minimal impact made to the

environment while taking into consideration its responsibilities to its stakeholders, employees, and the local communities where it operates.

X. ENCOURAGING EMPLOYEES PARTICIPATION

The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in governance.

The Board shall set a tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics which policy and program, shall be disseminated to the employees across the organization through orientations and continuous trainings to embed them in the company's culture.

A Whistleblowing Program shall be established that allows employees to freely communicate their concerns about illegal or unethical practices, without fear or retaliation. The Human Resource Department of the Corporation shall be tasked with ensuring its enforcement.

XI. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

A. 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, officer and staff in case of violation of any of the provision of this Manual:

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


B. Removal from Directorship


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


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

Revised: July 2020

Signed:


SALVADOR P. ESCAÑO
Chairman
Pryce Corporation


ATTY. EARL CHRISTIAN LERIO
*OIC/Vice President – Chairman’s
Office; Alternate Corporate
Information and Compliance Officer*
Pryce Corporation


JOSE MA. C. ORDENES
*SVP - Operations and Monitoring;
Treasurer; Corporate Information
and Compliance Officer*
Pryce Corporations

SECRETARY'S CERTIFICATE

I, **FELICIANO B. HATUD**, of legal age, Filipino citizen, and with office address at 17th Floor, Pryce Center, 1179 Chino Roces Ave. cor. Bagtikan, Makati City, being the duly authorized Corporate Secretary of PRYCE CORPORATION, (the "Corporation") a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, do hereby certify **THAT**:

1. At a special meeting of the Board of Directors held at its principal office on 24 July 2020, during which a quorum was present and acted throughout, the following resolution, among others, was adopted, approved, and remains in full force and effect, to wit:

"RESOLVED, as it is hereby resolved, that the Board of Directors of Pryce Corporation approves and adopts the revised Corporate Governance Manual of the Corporation to comply with SEC Memorandum Circular No.24, series of 2019."

2. The foregoing resolution has not been revoked, amended, or in any manner modified and, accordingly, the same may be relied upon until a written notice to the contrary is issued by the Corporation.

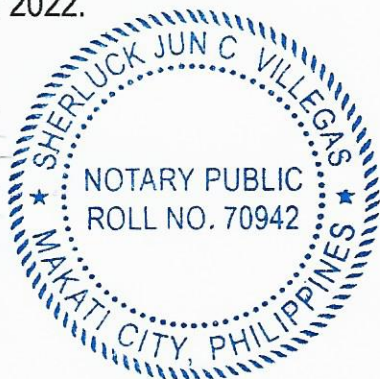
IN WITNESS WHEREOF, I have hereunto set my hands this JUL 24 2020 at Makati City, Metro Manila, Philippines.

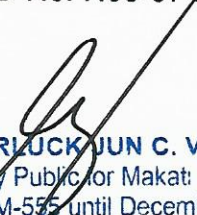

FELICIANO B. HATUD
Corporate Secretary

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

SUBSCRIBED AND SWORN to before me this JUL 24 2020 at Makati City, Philippines, affiant exhibited to me his Driver's License bearing ID No. N03-97-239404 valid until 11 November 2022.

Doc. No. 239 ;
Page No. 49 ;
Book No. 18 ;
Series of 2020.




ATTY. SHERLUCK JUN C. VILLEGAS
Notary Public for Makati City
Appt. No. M-555 until December 2020
Unit 3C LTA Building, 118 Perea St.
Legaspi Village, Makati City
Roll No. 70942
IBP No. 097148 /12-11-2019/ Pasig City
PTR No. 8116035 /01-02-2020/ Makati City
MCLE Compliance No. VI-0028223/ August 13, 2019