



REPUBLIC OF THE PHILIPPINES  
**SECURITIES AND EXCHANGE COMMISSION**

Ground Floor, Secretariat Building, PICC  
City Of Pasay, Metro Manila

COMPANY REG. NO. CS201619734

**CERTIFICATE OF FILING  
OF  
AMENDED BY-LAWS**

**KNOW ALL PERSONS BY THESE PRESENTS:**

**THIS IS TO CERTIFY** that the Amended By-Laws of

**CHELSEA LOGISTICS HOLDINGS CORP.**

(Formerly: CHELSEA LOGISTICS CORP.)

copy annexed, adopted on May 12, 2017 by majority vote of the Board of Directors and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 48 of the Corporation Code of the Philippines Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Pasay City, Metro Manila, Philippines, this 27<sup>th</sup> day of June, Twenty Seventeen.



  
FERDINAND B. SALES

Director

Company Registration and Monitoring Department

AMENDED BY-LAWS

OF

**CHELSEA LOGISTICS HOLDINGS CORP.**

(Formerly CHELSEA LOGISTICS CORP.)

(As Amended on May 12, 2017)

ARTICLE I

**SUBSCRIPTION, ISSUANCE AND TRANSFER OF SHARES**

**Section 1.** Subscriptions - Subscribers to the capital stock of the corporation shall pay the value of the stock in accordance with the terms and conditions prescribed by the Board of Directors. Unpaid subscription shall not earn interest unless determined by the Board of Directors.

**Section 2.** Certificate - The stockholders shall be entitled to one or more certificates for fully paid stock subscriptions in his name in the books of the corporation. The certificates shall contain the matters required by law and the Articles of Incorporation. They shall be in such form and design as may be determined by the Board of Directors and numbered consecutively. The certificate shall be signed by the President, countersigned by the Secretary or Assistant Secretary, and sealed with the corporate seal.

**Section 3.** Transfer of Shares - Subject to the restrictions, terms, and conditions contained in the Articles of Incorporation, shares may be transferred, sold, assigned or pledged by delivery of the certificates duly indorsed by the stockholder, his attorney-in-fact, or other legally authorized person. The transfer shall be valid and binding on the corporation only upon record thereof in the books of the corporation. The Secretary shall cancel the stock certificates and issue new certificates to the transferee.

No share of stock against which the corporation holds any unpaid claim shall be transferable in the books of the corporation.

All certificates surrendered for transfer shall be stamped "Cancelled" on the face thereof, together with the date of cancellation, and attached to the corresponding stub with the certificate book.

**Section 4.** Lost Certificates - In case any stock certificate is lost, stolen, or destroyed, a new certificate may be issued in lieu thereof in accordance with the procedure prescribed under Section 73 of the Corporation Code.

ARTICLE II

**MEETINGS OF STOCKHOLDERS**

**Section 1.** Annual/Regular Meetings - The annual/regular meeting of stockholders shall be held at the principal place office on last Monday of March of each year, if legal holiday, then on the day following.

**Section 2. Special Meetings** – The special meetings of stockholders, for any purpose or purposes, may at any time be called by any one of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, (b) President.

**Section 3. Place of Meeting** – Stockholders meeting, whether regular or special, shall be held in the principal office of the corporation, or at any place designated by the Board of Directors in the city or municipality where the principal office of the corporation is located.

**Section 4. Notice of Meeting** – Notices for regular or special meetings of stockholders may be given either:

- (a) by personal delivery, registered mail, facsimile transmission or electronic mail to each stockholder no less than twenty eight (28) days prior to the date set for each meeting; or
- (b) by publication in newspapers of general circulation published in Metro Manila not less than fifteen (15) days prior to the date set for the meeting;

provided that, in all cases where the address of the registered stockholder entitled to vote is outside the territorial limits of the Philippines, a written notice sent by air mail, by facsimile transmission or electronic mail not less than fifteen (15) days prior to the date of the meeting shall be sent to such stockholder.

The notice shall state the date, location, meeting agenda and its rationale and explanation, and details of issues to be deliberated on and approved or ratified at the meeting.

No failure or irregularity of notice of any regular or special meeting at which the stockholders concerned are present or represented and voting without protest shall invalidate such meeting or any proceedings thereat, provided that the matters taken up were within the powers of the Corporation. *(As amended on 13 February 2017)*

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

**Section 5. Quorum** – Unless otherwise provided by the law, in all regular or special meetings of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.

**Section 6. Conduct of Meeting** – Meetings of the stockholders shall be presided over by the President, or on his absence, by a chairman to be chosen by the stockholders. The Secretary shall act as Secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary of the meeting.

**Section 7. Manner of Voting** – At all meetings of the stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of

the Secretary no later than ten (10) days prior to the date of the meeting. Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting. *(As amended 13 February 2017)*

**Section 8.** Closing of Transfer Books or Fixing of Record Date - For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof or to receive payment of any dividend, the Board of Directors may provide that the stock and transfer books be closed for at least ten (10) working days immediately preceding such meeting. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a certain date as the record date for any such determination of stockholders. *(As amended on 13 February 2017)*

**Section 9.** Nomination Period - All nominations for directors to be elected by the stockholders of the corporation shall be submitted in writing to the Corporate Secretary at the principal office of the Corporation not earlier than forty (40) working days nor later than twenty (20) working days prior to the date of the regular or special meeting of stockholders for the election of directors. Nominations which are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and to vote at the regular or special meeting of stockholders for the election of directors shall be qualified to be nominated and elected a director of the corporation. *(As amended on 13 February 2017)*

### ARTICLE III

#### BOARD OF DIRECTORS

**Section 1.** Power of the Board - Unless otherwise provided by law, the corporate powers of the corporation shall be exercised, all business conducted and all property of the corporation controlled and held by the Board of NINE (9) Directors to be elected by and from among the stockholders. Without prejudice to such powers as may be granted by law, the Board of Directors shall also have the following powers: *(As amended on 13 February 2017)*

- a.) From time to time, to make and change rules and regulations not inconsistent with these by-laws for the management of the corporation's business and affairs;
- b.) To purchase, receive, take or otherwise acquire for and in the name of the corporation, any and all properties, rights, or privileges, including securities and bonds of the other corporation, for such consideration and upon such terms and conditions as Board may deem proper or convenient;
- c.) To invest the funds of the corporation in other corporations or for purposes other than those for which the corporation was organized, subject to such stockholders' approval as may be required by law;
- d.) To incur such indebtedness as the Board may deem necessary, to issue evidence of indebtedness including without limitation, notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all or part of the properties of the corporation;

- e.) To establish pension, retirement, bonus, or other types of incentives or compensation plans for the employees, including officers and directors of the corporation;
- f.) To prosecute, maintain, defend, compromise or abandon any lawsuit in which the corporation or its officers are either plaintiffs or defendants in connection with the business of the corporation;
- g.) To delegate, from time to time, any of the powers of the Board which may lawfully be delegated in the course of the current business of the corporation to any standing or special committee or to any officer or agent and to appoint any person to be agent of the corporation with such powers and upon such terms as may be deemed fit;
- h.) To implement these by-laws and to act on any matter not covered by these by-laws, provided such matter does not require the approval or consent of the stockholders under the Corporation Code;

**Section 2.** Composition of the Board of Directors - The Board shall be composed of a majority of non-executive directors. A non-executive director is one who has no executive responsibility and does not perform any work related to the operations of the corporation.

**Section 3.** Chairman - The Board shall be headed by a competent and qualified Chairman whose roles and responsibilities include, among others, the following:

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

**Section 4.** Independent Directors - The Board shall have at least three (3) independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher. An independent director may only serve for a maximum cumulative term of nine (9) years.

An independent director refers to a person who, ideally:

- a.) Is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the company;
- b.) Is not, and has not been in the three years immediately preceding the election, a director of the Corporation; a director, officer, employee of the Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation's substantial shareholders and its related companies;
- c.) Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- d.) Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;
- e.) Is not a relative of a director, officer, or substantial shareholder of the Corporation or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- f.) Is not acting as a nominee or representative of any director of the Corporation or any of its related companies;
- g.) Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- h.) Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
- i.) Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- j.) Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and

- k.) Is not employed as an executive officer of another company where any of the Corporation's executives serve as directors.

Related companies, as used in this section, refer to (a) the Corporation's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

The Board shall designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of Chairman of the Board and Chief Executive Officer are held by one person. The functions of the lead independent director include, among others, the following:

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

Nomination of Independent Director/s shall be conducted by the Nomination Committee prior to a stockholders' meeting. All nominations of Independent Directors shall be made in writing and signed by the conformity by the nominating stockholders, and shall include the acceptance and conformity of the would-be nominees.

The Nomination Committee shall pre-screen the qualifications and prepare a Final List of Candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director(s).

After the nomination, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, including, but not limited to: (i) name, age and citizenship; (ii) list of positions and offices that each such nominee held, or will hold, if known, with the Corporation; (iii) business experience during the past five (5) years; (iv) directorship held in the other companies; (v) involvement in legal proceedings; and (vi) security ownership.

The Final List shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or in such other reports required by the Securities and Exchange Commission. The name of the person or group of persons who recommended the nomination of the Independent Director shall be identified in such report including any relationship with the nominee.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

The Chairman of the stockholders' meeting has the responsibility to inform all stockholders in attendance of the mandatory requirement of electing Independent Directors and to ensure that the Independent Directors are elected during the stockholders' meeting.

Specific slots for Independent Directors shall not be filled up by unqualified nominees.

In case of failure of election for Independent Directors, the chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

Any controversy or issue arising from the selection, nomination or election of Independent Directors shall be resolved by the Securities and Exchange Commission by appointing Independent Directors from the list of nominees submitted by the stockholders. *(As amended on 13 February 2017)*

**Section 5. Election and Term** - The Board of Directors shall be elected during each regular meeting of the stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

**Section 6. Vacancies** - Any vacancy during occurring in the Board of Directors other than by removal by the stockholders or by expiration of terms may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of the stockholders without further notice, or at any special meeting of stockholders called for the purpose, after giving notice as prescribed in these by-laws.

**Section 7. Meetings** - Regular meetings of the Board of Directors shall be held once every quarter of the year on such dates and at places as may be called by the Chairman of the Board, or upon the request of a majority of the Directors. *(As amended on 13 February 2017)*

**Section 8. Notice** - Notice of the regular or special meeting of the Board, specifying the date, time, and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telegram, or by written message. A director may waive this requirement, either expressly or impliedly.

**Section 9. Quorum** - A majority of the number of directors as fixed herein and in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board. *(As amended on 13 February 2017)*

**Section 10. Conduct of the Meetings** - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by any other director chosen by the Board. The Secretary, shall act as secretary of every meeting, if not present, the Chairman of the meeting shall appoint a secretary of every meeting. The directors should attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through teleconferencing or videoconferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings,



the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations. *(As amended on 13 February 2017)*

**Section 11. Compensation** - By resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

**Section 12. Executive Committee.** - There shall be an Executive Committee composed of three (3) members to be determined and appointed by the Board of Directors, and any vacancy in said committee shall be filled by the Directors at any meeting of the Board at which a quorum shall be present. The members of the Executive Committee may be removed at any time by the Board of Directors. Their compensation shall be determined by the Board of Directors.

The Executive Committee shall advise and aid the officers of the Corporation in all matters concerning its interest and the management of its business and, in the intervals between the meetings of the Board, shall have and may exercise all the powers of the Board of Directors in the management of the business and affairs of the Corporation, except (a) such powers as are granted by statute to the Board of Directors, (b) the power to declare and pay dividends, (c) the power to fill vacancies in the Board of Directors, and (d) such other powers as the Board of Directors may expressly reserve at any time.

The Executive Committee may act, by majority vote of all its members. All matters acted upon by the Executive Committee shall be submitted to the Board at its meeting held next after they have been taken and such transactions of the Executive Committee shall be considered ratified by the Board unless otherwise expressly revoked.

**Section 13. Nomination Committee.** - There shall be a Nomination Committee composed of at least three (3) Directors, one of whom shall be an Independent Director. The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of nomination of directors. The decision of the Nomination Committee, once confirmed by the Board of Directors, shall be final and binding upon the stockholders and may no longer be raised during the stockholders' meeting at which directors shall be elected.

**Section 14. Audit Committee.** - There shall be an Audit Committee composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees. The Audit Committee has the following duties and responsibilities, among others:

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

- i.) Reviews the disposition of the recommendations in the External Auditor's management letter;
- j.) Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- k.) Coordinates, monitors and facilitates compliance with laws, rules and regulations; and
- l.) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

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

**Section 15.** Corporate Governance Committee - There shall be a Corporate Governance Committee composed of at least three (3) members, all of whom should be independent directors, including the Chairman. The Corporate Governance Committee has the following duties and functions, among others:

- a.) Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- b.) Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- c.) Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d.) Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- e.) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f.) Proposes and plans relevant trainings for the members of the Board;
- g.) Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

- h.) Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

**Section 16.** Board Risk Oversight Committee – There shall be a Board Risk Oversight Committee composed of at least three (3) members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management. The Board Risk Oversight Committee has the following duties and responsibilities, among others:

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

**Section 17. Related Party Transaction Committee** – There shall be Related Party Transaction (RPT) Committee composed of at least three (3) non-executive directors, two of whom should be independent, including the Chairman. The following are the functions of the RPT Committee, among others:

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

**Section 18.** Other Committees – The Board of Directors may create such other committees as it may consider necessary or advisable for the proper conduct and operation of the affairs of the Corporation and prescribe their respective powers and functions. Said committees shall be composed of Directors and of such number as the Board may determine. The members of any such committee created and appointed by the Board of Directors may be removed at any time by the Board and any vacancies in any of said committees shall be filled by the Board of Directors. *(As amended on 13 February 2017)*

## ARTICLE IV

### OFFICERS

**Section 1.** Election/ Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the President, the Vice-President, the Treasurer, and the Secretary at the said meeting.

The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper, such as, but not limited to: the Chief Audit Executive, and Chief Risk Officer, Compliance Officer. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time. *(As amended on 13 February 2017)*

**Section 2.** President - The President shall be the Chief Executive Officer of the corporation, who shall be a separate individual from the Chairman of the Board of Directors, and has the following roles and responsibilities, among others:

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

- i.) Serves as the link between internal operations and external stakeholders. *(As amended on 13 February 2017)*

**Section 3.** The Vice-President - He shall, if qualified, act as President in the absence of the latter. He shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors or by the President.

**Section 4.** The Secretary - The Secretary must be a resident and a citizen of the Philippines. The Secretary must be a separate individual from the Compliance Officer, should not be a member of the Board of Directors, and should annually attend a training on corporate governance. The Secretary has, among others, the following duties and responsibilities:

- a.) Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
- b.) Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- c.) Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- d.) Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- e.) Advises on the establishment of board committees and their terms of reference;
- f.) Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g.) Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- h.) Performs required administrative functions;
- i.) Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- j.) Performs such other duties and responsibilities as may be provided by the SEC. *(As amended on 13 February 2017)*

**Section 5.** The Treasurer - The Treasurer of the corporation shall have the following duties:

- a.) To keep full and accurate accounts of receipts and disbursements in the books of corporation;

- b.) To have custody of, and be responsible for, all the funds, securities, and bonds of the corporation;
- c.) To deposit in the name and to the credit of the corporation, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuables effects belonging to the corporation which may come under his control;
- d.) To render an annual statement showing the financial condition of the corporation and such other financial reports as the Board of Directors, or the President may, from time to time require;
- e.) To prepare such financial reports, statements, certifications, and other documents, which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies;
- f.) To exercise such powers and perform such duties and functions as may be assigned to him by the President.

**Section 6. Compliance Officer** – The Compliance Officer should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. Also, the Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance. He/ she has, among others, the following duties and responsibilities:

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



**Section 7. Chief Audit Executive** - There shall be a Chief Audit Executive appointed by the Board, who shall oversee and be responsible for the internal audit activity of the Corporation, including that portion that is outsourced to a third party service provider. The Chief Audit Executive has the following responsibilities, among others:

- a.) Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;
- b.) Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- c.) Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
- d.) Spearheads the performance of the internal audit activity to ensure it adds value to the organization;
- e.) Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- f.) Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

**Section 8. Chief Risk Officer** - There shall be a Chief Risk Officer with the following functions, among others:

- a.) Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b.) Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
- c.) Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d.) Suggests ERM policies and related guidance, as may be needed; and
- e.) Provides insights on the following:
  - Risk management processes are performing as intended;
  - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
  - Established risk policies and procedures are being complied with. *(As amended on 13 February 2017)*

**Section 9. Term of Office** - The term of office of all officers shall be one (1) year and until their successors are duly elected and qualified.

**Section 10.** Vacancies - If any position of the officers becomes vacant by reason of death, resignation, disqualification, or for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term.

**Section 11.** Compensation - The officers shall receive such remuneration as the Board of Directors may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and from receiving compensation therefor.

## ARTICLE V

### OFFICES

**Section 1.** The Principal office of the corporation shall be located at the place stated in Article III of the Articles of Incorporation. The corporation may have such other branch offices, either within or outside the Philippines as the Board of Directors may designate.

## ARTICLE VI

### AUDIT OF BOOKS, FISCAL YEAR, AND DIVIDENDS

**Section 1.** External Auditor - At the regular stockholders' meeting, the external auditor of the corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the corporation.

**Section 2.** Fiscal Year - The fiscal year of the corporation shall begin on the first day of January and end on the last day of December of each year.

**Section 3.** Dividends - Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law.

## ARTICLE VII

### SEAL

**Section 1.** Form and Inscriptions - The corporate seal shall be determined by the Board of Directors.

## ARTICLE VIII

### AMENDMENTS

**Section 1.** These by-laws may be amended or repealed by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for that purpose. However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock; provided, however, that any such delegation of powers to the Board

of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

IN WITNESS WHEREOF, we the undersigned stockholders have adopted the foregoing by-laws and hereunto affixed our signatures this 17th day of August, 2016 at Taguig City.

(Sgd.) DENNIS A. UY

(Sgd.) DOMINGO T. UY

(Sgd.) CHRYSS ALFONSUS V. DAMUY

(Sgd.) IGNACIA S. BRAGA IV

(Sgd.) MA. HENEDINA V. SAN JUAN