



PHILIPPINE H₂O VENTURES CORP.

May 31, 2017

PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**
OIC-Head, Disclosure Department

Re : Philippine H2O Ventures Corp. –
New Manual on Corporate Governance

Gentlemen:

Please find enclosed the new Manual on Corporate Governance of Philippine H2O Ventures Corp. which was approved by its Board of Directors in its meeting held on May 29, 2017.

Thank you for your kind attention.

Very truly yours,

NANETTE T. ONGCARRANCEJA
President

COVER SHEET

SEC Registration Number

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COMPANY NAME

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PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

	N	A	
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NEW MANUAL ON CORPORATE GOVERNANCE

COMPANY INFORMATION

Company's Email Address

claire.depasion@joh.ph

Company's Telephone Number

373-3038

Mobile Number

N/A

No. of Stockholders

38

Annual Meeting (Month / Day)

3rd Wednesday of June

Fiscal Year (Month / Day)

DECEMBER 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Claire de Pasion

Email Address

claire.depasion@joh.ph

Telephone Number/s

373-3038

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

4/F 20 Lansbergh Place Bldg, 170 Tomas Morato, Quezon City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**PHILIPPINE H2O
VENTURES CORP.**

**MANUAL ON
CORPORATE GOVERNANCE**

MANUAL ON CORPORATE GOVERNANCE OF PHILIPPINE H2O VENTURES CORP.

The Board of Directors and Management of PHILIPPINE H2O VENTURES CORP. (the “Company”) hereby commit themselves to the principles and best practices contained in this Manual and acknowledge that the same may guide the attainment of our corporate goals.

PART I. OBJECTIVE

In accordance with the memorandum circular of the Securities and Exchange Commission, the Board of Directors of PHILIPPINE H2O VENTURES CORP. has approved and adopted this new Manual on Corporate Governance (“Manual”) on May 29, 2017. This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

PART II. COMPLIANCE SYSTEM

The Compliance System shall insure that the corporate principles and best practices shall at all times be maintained for the attainment of the corporate goals and objectives. To this end, the corporate governance principles and guidelines contained in this Manual must be adhered to by all concerned, starting with the Board of Directors, to the Board Committees, the Corporate Officers and the Auditors, to be monitored by the Compliance Officer.

A. Compliance Officer

1. To insure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer (CO) who shall hold the position of a Senior Vice President or its equivalent. The CO shall report directly to the Chairman of the Board. The CO shall not be a member of the Board of Directors.
2. The CO shall perform the following duties:
 - 2.1 Monitor compliance with the provisions and requirements of this Manual, as well as rules and regulations of pertinent regulatory agencies.
 - 2.2 Appear before the Securities and Exchange Commission upon summon on similar matters that need to be clarified by the same.

- 2.3 Determine violation/s of the Manual and of rules and regulations of government regulatory agencies, report said violations to the Board, and recommend penalty for violation, as well as measure to prevent future violations, for further review and approval of the Board.
 - 2.4 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.
 - 2.5 Identify, monitor and control compliance risks.
 - 2.6 Attend a training seminar on corporate governance at least once a year.
3. The appointment of the compliance officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C.

B. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors. It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

1. Composition of the Board.

1.1 The Board of Directors shall be composed of seven (7) members, with one (1) of the members to act as Chairperson, and at least three (3) of the members shall be independent directors. The position of Chairman and Chief Executive Officer shall be held by separate individuals.

An independent director should serve for a maximum cumulative term of nine (9) years, but may still qualify as a non-independent director after the nine (9) years. Should the Corporation wish to engage an independent director who has served for nine (9) years, the Board of Directors should provide meritorious justification and seek shareholders' approval during the annual shareholders' meeting.

1.2 A majority of the Board of Directors shall be non-executive directors.

2. The Board shall have a formal and transparent board nomination and election policy.

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.

4. Specific Duties and Functions of the Board.

The Board shall ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders. In addition to the duties and functions provided in the rules and regulations as well as the Corporation's By-laws, the Board shall:

- 4.1 Install a process of selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.
- 4.2 Determine the Corporation's purpose, its vision and mission, and strategies to carry out its objectives.
- 4.3 Establish a Board Charter, which states the roles, responsibilities, and accountabilities in carrying out its fiduciary duties.
- 4.4 Ensure that the Corporation complies with all relevant laws, regulations, and codes of best business practices.
- 4.5 Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program.
- 4.6 Adopt a system of internal checks and balances. The Board shall also conduct a regular review of the effectiveness of the system to ensure the integrity of the decision-making and reporting processes and to maintain its adequacy and effectiveness.
- 4.7 Identify key risk areas and key performance indicators and monitor these factors with due diligence, including the establishment of a sound Enterprise Risk Management framework to monitor, assess, and manage key business risks.
- 4.8 Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions.
- 4.9 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.
- 4.10 Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation and By-Laws, and in existing laws, rules and regulations.
- 4.11 Constitute an Audit Committee, Nomination Committee, Compensation and Remuneration Committee, Corporate Governance Committee, and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- 4.12 Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders and the Corporation and third parties.
- 4.13 Appoint a Compliance Officer with the rank of Senior Vice President or equivalent who shall report directly to the Chairman of the Board.
- 4.14 Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets, and Management's overall performance.

- 4.15 Adopt an effective program for succession planning for directors, key officers, and management to ensure growth and a continued increase in shareholders' value.
 - 4.16 Establish an effective performance management framework to ensure that performance of Management and personnel is at par with standards set by the Board of Directors and Management.
 - 4.17 Conduct self-assessments of the Board's performance annually, and on every third year, the said assessment should be supported by an external facilitator.
 - 4.18 Appoint an independent party to evaluate the fairness of the transaction prices of its acquisition or disposition of assets.
 - 4.19 Establish policies, programs, and procedures to encourage employees to actively participate in the realization of corporate goals and governance.
 - 4.20 Adopt an anti-corruption policy and disseminate the same across the organization.
 - 4.21 Establish a framework for whistleblowing which will allow employees to freely communicate their concerns about illegal practices.
 - 4.22 Develop policies for the promotion of a mutually beneficial relationship between the Corporation's business and the society wherein it operates.
5. Duties and Responsibilities of a Director.

A director shall have the following duties and responsibilities:

- 5.1 Conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;
- 5.2 Devote time and attention necessary to properly discharge his duties and responsibilities;
- 5.3 Except for justifiable cause such as illness, death in the family, or injury, an independent director shall always attend Board meetings. Unless otherwise provided in the By-Laws, the absence of an independent director shall not affect the quorum requirement.
- 5.4 Act judiciously;
- 5.5 Exercise independent judgment;
- 5.6 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.
- 5.7 Observe confidentiality;

5.8 Ensure the continuing soundness, effectiveness, and adequacy of the Corporation's control environment; and

5.9 Notify the Board of Directors prior to accepting a directorship in another Corporation.

C. Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute Committees which shall have their own respective Committee Charters stating their purposes, memberships, structures, operations, reporting processes, resources, and other relevant information, as well as the standards for evaluation of the Committees.

1. Nomination Committee

The Board shall create a Nomination Committee which shall have at least three (3) voting (one of whom must be independent) and one (1) non-voting Director in the person of the HR Director/Manager.

1.1 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:

1.1.1 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 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 proven to possess integrity and probity.
- e. He shall be assiduous in the performance of duties.
- f. Possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board of Directors.
- g. Have the ability to promote a smooth interaction between board members.

1.1.2 Disqualifications

- a. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- b. Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, 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* (BSP), or any rule, regulation or order of the SEC or BSP;

- c. Any person judicially declared to be insolvent;
- d. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- e. 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
- f. 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.

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

- a. Refusal to comply with the disclosure requirements of 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. Under preventive suspension by the Corporation.
- e. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if said director complies with the limit.
- f. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

1.2 Determine the nomination and election process for the Corporation's directors.

1.3 In consultation with the executive or management committee/s, re-define 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.

- 1.4 The Nomination Committee shall adopt guidelines to determine the number of directorships that members of the Board can hold concurrently, the optimum number of which shall depend on the capacity of a director to perform his duties diligently as well as the following guidelines:
 - 1.4.1 The nature of the business of the Corporations which he is a director;
 - 1.4.2 Age of the director;
 - 1.4.3 Number of present directorships/active memberships and officerships in other corporations or organizations which shall not be more than five (5) publicly listed companies; and
 - 1.4.4 Possible conflict of interest.
- 1.5 The Chief Executive Officer and other executive directors shall be covered by a lower indicative limit for membership in other Boards. The same low limit shall apply to independent or 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

- 2.1 The Compensation or Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.
- 2.2 Duties and Responsibilities
 - 2.2.1 Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of directors and corporate officers, 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.
 - 2.2.2 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.
 - 2.2.3 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.
 - 2.2.4 Disallow any director to decide his or her own remuneration.
 - 2.2.5 Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

- 2.2.6 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.

In the absence of such Personnel Handbook, the Committee shall cause the development of such, covering the same parameters of governance stated above.

3. Corporate Governance Committee

3.1 The Corporate Governance Committee shall be composed of three (3) independent directors

3.2 The Corporate Governance Committee shall have the following duties and functions;

- 3.2.1 Oversee the implementation of the Corporate Governance Framework and periodically review the said framework to ensure it remains appropriate;
- 3.2.2 Oversee periodic performance evaluation of the Board of Directors and its committees;
- 3.2.3 Ensure that results of Board of Director evaluations are shared, discussed, and that concrete action plans are developed and implemented to address areas for improvement;
- 3.2.4 Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, and succession plans for the board members and senior officers;
- 3.2.5 Adopt corporate governance policies that ensures that these are reviewed and updated regularly, and consistently implemented; and
- 3.2.6 Propose and plan relevant trainings for the members of the Board of Directors.

4. Audit Committee

4.1 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. A member of the committee should have audit experience.

4.2 Duties and Responsibilities

- 4.2.1 Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including financial reporting requirements of the Securities and Exchange Commission.

- 4.2.2 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.
- 4.2.3 Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.
- 4.2.4 Perform direct interface functions with the internal and external auditors and
 - a. Ensure that the external and internal auditors act independently from each other, and that both are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions.
 - b. Discuss with the external auditor, prior to the start of its audit, the nature, scope, and expenses of said audit.
 - c. Ensure that the work of the internal auditor shall be free from interference of outside parties.
 - d. Approve and recommend the appointment, reappointment, removal, and fees of the external auditor, to be approved by the Board of Directors and ratified by the shareholders.
 - e. Assess the integrity and independence of the external auditor, as well as its suitability and effectiveness on an annual basis.
- 4.2.5 Review the reports submitted by the internal and external auditors.
- 4.2.6 Hold separate periodic meetings with non-executive directors and heads of the internal audit, compliance, and risk functions, without any executive directors present to preserve checks and balance.
- 4.2.7 Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - a. Any change/s in accounting policies and practices
 - b. Major judgmental areas
 - c. Significant adjustments resulting from the audit
 - d. Going concern assumptions
 - e. Compliance with accounting standards
 - f. Compliance with tax, legal and regulatory requirements
- 4.2.8 Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
 - a. A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant.
 - b. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.

- 4.2.9 Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step rules, procedures, and policies handbook for the benefit of all stockholders and other stakeholders, in accordance with the following guidelines:
- a. The extent of responsibility in the preparation of the financial statements, with the corresponding delineation of responsibilities that pertain to the external auditor, should be clearly explained.
 - b. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation should be maintained.
 - c. Based on approved audit plans, the internal audit examination should evaluate the adequacy and effectiveness of control that covers the Corporation's governance, operations, and information systems and compliance with contracts and rules and regulations.

D. The Corporate Secretary

1. The Corporate Secretary is an officer of the company, separate from the Compliance Officer, 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.
2. The Corporate Secretary shall be a resident and citizen of the Philippines.
3. The Corporate Secretary should not be a member of the Board of Directors.
4. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities. He must also have some financial and accounting skills.
5. Duties and Responsibilities
 - 5.1 Gather and analyze, as well as keep and preserve, all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
 - 5.2 As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting. The Corporate Secretary shall ensure that the Board members have the material with accurate information on matters that require their approval.
 - 5.3 Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.
 - 5.4 Ensure that Board procedures and rules and regulations are strictly followed.

- 5.5 Except when prevented by justifiable causes such as an accident, illness, or death in the immediate family, attend all Board meetings and maintain record of the same.
- 5.6 Submit to the Commission every January 30th of the year, a certificate on the attendance in meetings of the Board of directors.
- 5.7 Work fairly and objectively with the Board, Management, stockholders and other stakeholders.
- 5.7.1 Attend a training seminar on corporate governance at least once a year.

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 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.
- 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.
- 2. The Internal Auditor shall report to the Audit Committee. He shall submit an annual report on the activities, responsibilities, and performance relative to the audit plans and strategies approved by the Audit Committee. The annual report shall include significant risk exposures, control issues} and other matters necessary or requested by the Board or Management.
- 3. The minimum internal control mechanisms for management's operational responsibility shall center on the Chief Executive Officer 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: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

**PART III.
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 share price or adversely affect its viability or the interest of its stockholders and other stakeholders, shall be publicly 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, important non-financial information, and off balance sheet transactions.
- D. All disclosed information shall be released via the approved stock exchange procedure for company announcements, media, analysts' briefings, as well as through the annual report.
- E. The Board shall commit at all times to fully disclose 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. Directors and officers shall disclose to the Company any dealings with the Company's shares within three (3) business days.

**PART IV.
SHAREHOLDERS' BENEFIT**

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. Investors' Rights and Protection

1. Rights of Investors/Minority Interests

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

1.1 Voting Right

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

1.1.2 Cumulative voting shall be used in the election of directors.

1.1.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

1.2 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 Corporation Code.

1.3 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.

1.4 Right to Information

1.4.1 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.

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

1.4.3 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".

1.4.4 An Investor Relations Officer (IRO) shall be appointed to ensure constant engagement between the Board of Directors and its shareholders. The IRO shall be present at every shareholders' meeting. The IRO shall receive feedback, complaints, and queries with regard to activities and policies of the Corporation.

1.5 Right to Dividends

1.5.1 Shareholders shall have the right to receive dividends subject to the discretion of the Board.

1.5.2 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: a) when justified by definite corporate expansion projects or programs approved by the Board or b) 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 c) 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.

1.6 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 82 of the Corporation Code of the Philippines, under any of the following circumstances:

1.6.1 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;

1.6.2 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

1.6.3 In case of merger or consolidation.

2. 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.

3. Notices of Annual and Special Shareholders' Meetings should be given at least twenty-eight (28) days prior to the meeting along with sufficient and relevant information to further encourage shareholder participation.

4. Vote Results of Shareholders' Meetings should be made publicly available by the next working day.

PART V. MONITORING AND ASSESSMENT

A. Each Committee shall report regularly to the Board of Directors.

- B. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalties provided under Part 8 of this Manual.
- C. The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.
- D. This Manual shall be subject to quarterly review unless the same frequency is amended by the Board.
- E. All business processes and practices being performed within any department or business unit of PHILIPPINE H2O VENTURES CORP. that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

**PART VI.
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 enjoy 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.
- D. The following shall also be disclosed and made available on the Company website:
 - a. Board Charter;
 - b. Manual on Corporate Governance;
 - c. Minutes of Shareholders' Meetings within five (5) business days; and
 - d. Committee Charters.

**PART VII.
TRAINING PROCESS**

- A. If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.
- B. A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

PART VIII.
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, officers 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. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a 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.

SIGNATURE:

A handwritten signature in black ink, consisting of several fluid, connected strokes. The signature is positioned above the printed name and title.

JOLLY L. TING
Chairman