

PRIMEX CORPORATION

MANUAL ON GOOD CORPORATE GOVERNANCE (AMENDED AS OF 05/30/17)

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MANUAL ON CORPORATE GOVERNANCE PRIMEX CORPORATION

The Board of Directors and Management of Primex Corporation hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that this Manual shall guide the attainment of its corporate goals.

I. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization. It shall be the framework of all rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.

The Board of Directors and Management, employees and shareholders, believe that good corporate governance is a necessary component of what constitutes sound strategic business

management and will therefore undertake every effort necessary to create awareness thereof within the organization as soon as possible.

II. COMPLIANCE SYSTEM

A. Compliance Officer - to insure adherence to corporate principles and best practices, the Board of Directors hereby designate the Vice President for Legal Affairs as the Compliance Officer of the Company and shall have direct reporting responsibilities to the Chairman of the Board. His appointment 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 Compliance Officer.

a. Duties of the Compliance Officer:

- Ensures proper onboarding of new directors, including orientation on the company's business, charter, articles of incorporation and by-laws.
- Monitors, reviews , evaluates and ensures compliance by the corporation, its officers and directors with relevant laws, this Code and the rules and regulations of regulatory agencies and if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation.
- He shall appear before the Securities and Exchange Commission when summoned in relation to compliance with this Code.
- Ensures the integrity and accuracy of all documentary submissions to regulators.
- Collaborates with other departments to properly address compliance issues and works towards the resolution of the same.
- Ensures the attendance of board members and key officers to relevant trainings.
- Identifies possible areas of compliance issues and works towards the resolution of the same.
- He shall 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 company's deviation from the same.
- He shall identify, monitor and control compliance risks.
- Performs such other duties and responsibilities as may be provided by the SEC.

B. Plan of Compliance

- a. The Board of Directors - The compliance with the principles of good corporate governance shall start with the Board of Directors. The Board is primarily

responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on management. To ensure a high standard of best practices for the corporation, its stockholders and other stakeholders, the Board shall conduct itself with utmost honesty and integrity in the performance of its duties, functions and responsibilities.

- Composition of the Board of Directors

The Board of Directors shall be composed of nine (9) members to be elected by the stockholders at the Annual Stockholders Meeting of the Company. The Board of Directors shall have at least three (3) independent director or such independent directors shall constitute at least thirty percent (30%) of the members of such board, whichever is higher, but in no case less than three (3). The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The Board should be composed of a balance of executive and non-executive directors who possess the necessary qualifications to effectively participate and help secure objective and independent judgment on corporate affairs and to substantiate proper check and balances. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. All directors shall possess a collective working knowledge, experience or expertise that is relevant to the company's industry.

- Multiple Board Seats

The maximum number of directorships a person may hold shall not exceed twelve (12), provided, he shall be able to participate in at least two-thirds (2/3) of the number of meetings during his incumbency. This maximum number does not include directorships in non-stock and non-profit organizations. The non-executive directors can concurrently serve as directors only to a maximum of five (5) public-listed companies.

- Qualifications

Every director shall own at least one (1) share of the capital stock of the corporation of which he is a director, which share shall stand in his name in the books of the corporation.

He shall be at least a college graduate or in the absence of such, he must have practical knowledge of the business of the corporation.

He must be at least twenty one (21) years of age.

He shall have proven to possess integrity and assiduousness.

He must be a member in good standing in relevant industry, business or professional organizations.

He must have previous business experience.

- Permanent Disqualifications

Any person convicted by final judgment or order by a competent judicial or administrative body of any crime or offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury and other fraudulent act or transgressions.

Any person who is currently the subject of an order of the Commission or any court or 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.

Any person who has been adjudged by final judgment or order of the Commission or a court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, or 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 of its rule, regulation or order.

Any person judicially declared to be insolvent.

Any person convicted 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 person convicted by final judgment or order by a competent judicial or administrative body of any crimes:

a. Involving the purchase or sale of securities, as defined in the Securities Regulation Code.

b. Arising 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.

c. Arising out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.

Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from:

a. Acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker.

b. Acting as director or officer of a bank, quasibank, trust company, investment house or company.

c. Engaging in or continuing any conduct or practice in any of the capacities aforementioned or willfully violating the laws that govern securities and banking activities.

Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations, or misconduct similar to any of the acts, violations or misconduct enumerated above.

- Temporary Disqualification/Suspension of a Director

Refusal to comply with the disclosure requirement of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.

Absence in 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, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification shall apply for purposes of the succeeding election.

Dismissal/termination for cause as director of any corporation covered by this Code. This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

Being under preventive suspension by the corporation.

An Independent director shall be automatically disqualified from being an independent director if he becomes an officer or employee of the corporation.

An independent director ceases to be one if his beneficial equity ownership in the company or in its related companies shall exceed two percent (2)% of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

If any of the judgments or orders cited in the grounds for permanent disqualification has not become final. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

- Responsibilities, Duties and Functions of the Board of Directors

The Board shall be headed by a competent and qualified chairperson.

The Board should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength.

The members of the Board shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders.

To foster the long term success of the corporation and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its shareholders and other stakeholders.

To formulate the corporation's vision, mission, strategic objectives, policies, and procedures that shall guide its activities, including the means to effectively monitor management's performance.

Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly motivated management officers. Adopt an effective succession planning program for Management.

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 the business plans, operating budgets and Management's overall performance.

Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.

Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporation's CEO or chief financial officer shall exercise oversight responsibility over this program.

Identify the corporation's stakeholders in the community 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.

Adopt a system of check and balance within the Board, with regular reviews of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.

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 operational and financial viability.

Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries and associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts and differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.

Meet at such times or frequency as may be needed, with the minutes of such meetings be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws and in accordance with existing laws, rules and regulations.

Appoint a Compliance Officer who shall have the rank of at least vice president. Or in the absence of such an appointment, the Corporate Secretary, preferably a lawyer, shall act as the Compliance Officer.

The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in shareholders' value.

The Board should align the remuneration of key officers and Board members with the long-term interest of the company. No director should participate in discussions or deliberations involving his own remuneration.

The Board should have and disclose in its Manual on Corporate Governance a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates.

- Internal Control Responsibilities of the Board

Define the duties and responsibilities of the CEO who is ultimately accountable for the corporation's organizational and operational controls.

Primarily responsible for approving the selection and assessing the performance of management led by the Chief Executive Officer (CEO) and control functions led by their respective heads (Chief Risks Officer, Chief Compliance Officer and Chief Audit Executive).

Establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer and personnel's performance is at par with the standards set by the Board and Senior Management.

Formulate and approve an Internal Audit Charter.

Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members and shareholders.

Select persons who possess the ability, integrity and expertise essential for the position of CEO.

Evaluate all proposed senior management appointments.

Select and appoint only qualified and competent management officers.

Review the corporation's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.

Establish board committees that focus on specific board functions.

Establish an Audit committee to enhance oversight capability over the company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations. The Audit committee should be composed of at least three qualified members, the majority of whom, including the chairman, be independent.

- Specific duties of the Chairman of the Board

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.

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

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

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

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

Schedule meetings to enable the Board to perform its duties responsibility while not interfering with the flow of the company's operations.

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

Supervise the preparation of the agenda of Board meetings in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors.

Exercise control over quality, quantity and timelessness of the flow of information between management and the Board.

Assist in ensuring compliance with the company's guidelines on corporate governance.

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

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

- Specific duties and responsibilities of each Director

To conduct fair business transactions with the corporation and to ensure that personal interest does not bias Board decisions and does not conflict with the interest of the corporation.

To devote time and attention necessary to properly discharge his duties and responsibilities.

To act judiciously.

To exercise independent judgment.

To have a working knowledge of the statutory and regulatory requirements affecting the corporation, including the contents of its Article of Incorporation and by-laws, the rules and regulations of the Commission and where applicable, the requirements of relevant regulatory agencies.

To observe confidentiality.

To ensure the continuing soundness, effectiveness and adequacy of the company's control environment.

- Board Meetings and Quorum Requirement

The members of the Board shall attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors should always attend Board Meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Corporation require the presence of at least one independent director in all its meetings.

The Corporation shall submit to the Commission, on or before January of every year, a sworn certification about the directors' record of attendance in Board meetings of the previous year.

All first-time directors shall undergo an orientation program while all directors shall attend an annual seminar on good governance.

- Roles and Responsibilities of the Chief Executive Officer

- 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 operation 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;
 - i. Serves as the link between internal operations and external stakeholders.
- The Function of the Lead Director
 - j. Serves as an intermediary between the Chairman and the other directors when necessary;
 - k. Convenes and chairs meetings of the non-executive directors;
 - l. Contributes to the performance evaluation of the Chairman, as required.
 - Qualifications of an Independent Director
 - m. Is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company;
 - n. Is not, and has not been in the three years immediately preceding the election, a director of the company, a director, officer, employee of the company's subsidiaries, associates, affiliates or related companies; or a director, officer,

- employee of the company's substantial shareholders and its related companies;
- o. Has not been appointed in the company, 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;
 - p. Is not an owner of more than two (2) percent of the outstanding shares of the company, its subsidiaries, associates, affiliates or related companies;
 - q. Is not a relative of a director, officer, or substantial shareholder of the company or any of its related companies or any of its substantial shareholders.
 - r. Is not acting as a nominee or representative of any director of the company or any of its related companies;
 - s. Is not a securities broker-dealer of listed companies and registered issuers of securities.
 - t. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the company, 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;
 - u. 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 company or any of its related companies or substantial shareholders, other than transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
 - v. Is not affiliated with any non-profit organization that receives significant funding from the

- company or any of its related companies or substantial shareholders;
- w. Is not employed as an executive officer of another company where any of the company's executives serves as directors.
- x. The tenure of office of an independent director shall be limited to a cumulative term of nine years only.

Responsibilities of The Chief Audit Executive – appointed by the Board to oversee and be responsible for the following internal audit activity of the company.

Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;

Establishes a risk-based internal audit plan, including policies and procedures to determine the priorities of the internal audit activity, consistent with the company's goals;

Communicate 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;

Spearheads the performance of the internal audit activity to ensure that it adds value to the organization;

Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plans;

Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

b. Board Committees.

1. The Nomination Committee

Composition - The Nomination Committee shall be composed of the Chairman of the Board, an independent director and another director to be selected by the Board of Directors.

Duties and Responsibilities - 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.

2. The Compensation and Remuneration Committee

Composition - The Compensation and Remuneration Committee shall be composed of the Chairman of the Board, an Independent Director and a Director to be selected by the Board.

Duties and Responsibilities

Establish a formal and transparent procedure for developing a policy on executive remuneration of corporate officers and directors to ensure that their compensation is consistent with the corporation's culture, strategy and business environment in which it operates. No director should participate in deciding on his remuneration.

Designate an amount of remuneration which shall be sufficient to attract and retain qualified and competent directors and officers who are needed to run the company successfully.

Provide in the corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

Any member of this committee shall inhibit himself from any deliberation that will decide his own remuneration.

3. The Audit Committee

Composition - The Audit Committee shall be composed of the Chairman of the Board, an Independent director who shall sit as the Chair of the committee and another director that has the most extensive knowledge of financial management systems among the board members.

Duties and Responsibilities

Recommends the approval of the Internal Audit Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the Internal Audit charter.

Monitor and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting and security of physical and information assets.

Oversees the internal audit department and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services.

Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities.

Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations..

Provide oversight over Management's activities in managing credit, market liquidity, operational, legal, and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposure and risk management activities.

Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

Reviews and approves the interim and annual financial statements before their submission to the Board.

Reviews and monitor Management's responsiveness to the Internal Auditor's findings and recommendations.

Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit and ensure

proper coordination where more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.

Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security.

Receive and review reports of internal and external auditors and regulatory agencies, where applicable and ensure that management is taking appropriate corrective actions in addressing control and compliance functions with regulatory agencies.

Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on any changes in accounting policies, major judgmental areas, significant adjustments resulting from the audit, compliance with accounting standards and tax, legal and regulatory requirements.

Coordinate, monitor and facilitate compliance with laws, rules and regulations.

Evaluate and determine the non-audit work, if any, of the external auditor and review periodically the non-audit fees paid to the external auditor in relation to the significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. Disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.

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.

4. The Corporate Governance Committee

Composition – The Corporate Governance Committee shall be composed of three (3) members, of which the Chairman shall be an independent director.

Duties and Responsibilities

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.

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.

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.

Recommends continuing education/training programs for directors, assignment of tasks to board committees, succession plan for the board members and senior officers and remuneration packages for corporate and individual performance.

Adopts corporate governance policies and ensures that these are reviewed and updated regularly and consistently implemented in form and substance.

Proposes and plans relevant trainings for the members of the Board.

5. RPT Committee

Composition – The RPT committee shall be composed of three (3) members, with at least two independent directors and shall be chaired by an independent director.

Functions of the RPT Committee:

Evaluates 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 are captured.

Evaluates all materials RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied and to determine any potential reputational risk issues that may arise as a result of or in connection with the transaction.

Ensures that appropriate disclosure is made and 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.

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 exposure to all related parties.

Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.

Oversees the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPTs , including a periodic review of RPT policies and procedures.

c. The Corporate Secretary

1. Qualifications

- He/she shall be a Filipino citizen and a resident of the Philippines.
- He must have appropriate administrative and interpersonal skills.

2. Duties and Responsibilities

- 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 assist the

chairmen of the Board and all committees to set agendas for those meetings.

- Keep abreast on relevant laws, regulations, all government issuances, relevant industry developments and operations of the corporation and advises the Board and the Chairman on all relevant issues as they arise.
- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation.
- Be loyal to the mission, vision and objectives of the corporation.
- Work fairly and objectively with the Board, Management and stockholders and other stakeholders 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.
- Advises on the establishment of board committees and their terms of reference.
- He must be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.
- He must have a working knowledge of the operations of the corporation.
- Informs the members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days in advance and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- Perform required administrative functions.
- Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements.
- Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.
- Ensure that all Board procedures, rules and regulations are strictly followed by the members.

- Performs such other duties and responsibilities as may be provided by the SEC.

d. External Auditor

The Board, after consultations with the Audit Committee, shall recommend to the stockholders an External Auditor duly accredited by the Commission who shall undertake an independent audit of the corporation.

- An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the company. He shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.
- 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 auditor scope or procedure.
- 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 conflict with the functions of the external auditor.
- The company's external auditor shall be rotated or the handling partner shall be change every five (5) years or earlier.
- 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.

e. Internal Auditor

- The Corporation shall have in place an independent internal audit function which shall be formed by an internal auditor or group of Internal Auditors, through which the Board, senior management and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

- The internal auditor shall report to the Audit Committee.
- The minimum internal control mechanisms for the management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.
- 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 risks; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

III. 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 per department.

IV. 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, before he assumes as such shall be required to annually attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

V. REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE AND 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 about the corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.
- C. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management and of balance sheet transactions.
- D. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report. All disclosures shall be comprehensive, accurate, reliable and timely and shall give a fair and complete picture of the company's financial condition, results and business operations.
- E. All directors and officers of the company shall disclose or report to the company any dealings in the company's shares within three (3) business days.
- F. The Board shall commit at all times to fully disclose all material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanism for listed companies and submission to the Commission for the interest of the stockholders and other stakeholders.
- G. Guidelines on financial reporting and internal control:
 - 1. The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained.
 - 2. Maintain an effective system of internal control that will ensure the integrity of the financial reports and the protection of the assets of the corporation for the benefit of all stockholders and other stakeholders.
 - 3. Internal audit examinations should cover the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.

4. Financial reporting requirements of the Securities Exchange Commission should consistently be complied.
5. The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.
- H. The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the corporation and shall provide an objective assurance on the matter by which the financial statements shall be prepared and presented to the stockholders. The External Auditor shall not, at the same time, provide internal audit services to the corporation. Non-audit work may be given to the external auditor, provided, it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.
- I. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.
- J. If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

VI. SHAREHOLDER'S 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. Stockholders' Right and Protection of Minority Stockholders' Interest

a. Rights of Investors/minority Interest- The Board shall be committed to respect the following rights of the stockholders as provided for in the Corporation Code.

b. Voting right

1. Shareholders shall have the right to elect, remove, and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
2. Stockholders may cumulate his votes in favor of one or more candidates as he may think fit.
3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.
4. Right to propose the holding of meetings and to include agenda items ahead of the scheduled annual and special Shareholders Meeting.
5. Right to nominate candidates to the Board of Directors.

c. Pre-emptive Right

1. All stockholders of the Company shall not enjoy pre-emptive rights to subscribe to or purchase any or all issues on dispositions of shares of any class of the company, provided, that the stockholders shall be notified of any new issue of shares by the Company through a Notice to be published and in such frequency as shall be determined by the Board of Directors.

d. Power of Inspection

1. 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 of restrictions. The right of inspection, however, may be denied if the

shareholder seeking to examine the corporate records is not acting in good faith or for a legitimate purpose in making his demand for inspection.

e. Right to Information

1. The Company shall send the Notice of Annual and Special Shareholders Meetings with sufficient and relevant information at least twenty eight (28) calendar days before the meeting.
2. The shareholders shall be provided, upon request, with periodic reports which disclosed relevant 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, relationship among directors and key officers, and the aggregate compensation of directors and officers.
3. 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, and in accordance with law, jurisprudence and best practice.
4. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable 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", and in accordance with law, jurisprudence and best practice.

f. Right to Dividends

1. Shareholders have the right to receive dividends subject to the discretion of the Board.
2. The company is required to declare dividends when the amount of surplus profits is 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; c) when it can be

clearly shown that such retention is necessary under special circumstances.

g. Appraisal Right

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

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence.
- 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.
- In case of merger or consolidation with another corporation.

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. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

- h. Right to nominate candidates to the Board of Directors
- i. Right to propose the holding of meetings and to include agenda items ahead of scheduled Annual and Special Stockholders meetings.

VII. 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 penalty provided under Part 8 of this Manual.
- C. The establishments 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 Primex Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to be compliant with this Manual.

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.
 - In case of **first violation**, the subject person shall be reprimanded.
 - For **second violation**, a suspension from office shall be a suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation. This shall not be applicable to directors.
 - For **third violation**, the maximum penalty of removal from office shall be imposed. With regard to directors, the provision of Section 28, of the Corporation Code shall be observed.

B. 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 and adopted by unanimous vote of the Board of Directors on May 30, 2017.

Signed:

ERNESTO O. ANG
Chairman of the Board

ATTY. ERICSON O. ANG
Compliance Officer