



**THE PHILIPPINE STOCK
EXCHANGE, INC.
Corporate Governance Guidelines
For
Listed Companies**

SINOPHIL CORPORATION (“SINO”)

2013

Disclosure Survey

| | COMPLY | EXPLAIN |
|--|--------|--|
| Guidelines No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY | | |
| 1.1 Have a clearly defined vision, mission and core values. | YES | Ref: p7, Annual Corporate Governance Report |
| 1.2 Have a well-developed business strategy. | YES | Ref: Minutes of Meeting – BOD |
| 1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company’s business environment, management style and culture. | YES | Ref: Minutes of Meeting – BOD |
| 1.4 Have its board continually engaged in discussions of strategic business issues. | YES | Ref: Minutes of Meeting – BOD |
| Guidelines No. 2: ESTABLISHES A WELL-STRUCTURE AND FUNCTIONING BOARD | | |
| 2.1 Have a board composed of directors of proven competence and integrity. | YES | Ref: p7, Annual Corporate Governance Report |
| 2.2 Be led by a chairman who shall ensure that the board functions in an effective and collegial manner. | YES | Ref: p7, Annual Corporate Governance Report |
| 2.3 Have at least three (3) or thirty percent 30%, whichever is higher, of its directors as independent directors. | NO | The Company’s Board currently has two (2) independent members in compliance with legal requirements. The Company, however, is cognizant of the benefits of having more independent members sitting in its Board and will consider electing more in the immediate future. |
| 2.4 Have in place written manuals, guidelines and issuances that routine procedures and processes. | YES | Ref: Corporate Policies |
| 2.5 Have Audit, Risk, Governance and Nomination and Election Committees. | YES | Ref: p6, Annual Corporate Governance Report |

| | COMPLY | EXPLAIN |
|--|--------|---|
| 2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other. | YES | Ref: p11, Annual Corporate Governance Report |
| 2.7 Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted. | YES | Ref: p12, ACGR |
| 2.8 Have in place a formal board and director development program. | NO | The Company is considering this in near future. |
| 2.9 Have a corporate secretary. | YES | Ref: Sinophil Corp General Information Sheet |
| 2.10 Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently. | YES | Ref: p25, Annual Corporate Governance Report |
| Guidelines No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM | | |
| 3.1 Establish the internal audit function as a separate unit in the company which would be overseen at the board level. | YES | Ref: p31, ACGR; Minutes of Meeting – Audit & Risk Management Committee (MOM-ARMC) |
| 3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed. | YES | Ref: p31, ACGR |
| 3.3 Institutionalize quality service programs for the internal audit function. | YES | Ref: p31, ACGR |
| 3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues. | YES | Ref: ACGR / Code of Ethics |
| 3.5 Have the Chief Executive Officer and the Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively. | YES | Ref: p47, ACGR |
| Guidelines No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS | | |

| | COMPLY | EXPLAIN |
|---|--------|--|
| 4.1 Have its board oversee the company's risk management function. | YES | Ref: p6, ACGR; Minutes of Meeting – Audit & Risk Management Committee (MOM-ARMC) |
| 4.2 Have a formal risk management policy that guides the company's risk management and compliance processes and procedures. | YES | Ref: p6, ACGR; MOM-ARMC |
| 4.3 Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as, but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II. | YES | Ref: p6, ACGR; MOM-ARMC |
| 4.4 Have a unit at the management level, headed by a Risk Management Officer (RMO). | YES | Ref: MOM-ARMC |
| 4.5 Disclose sufficient information about its risk management procedures and processes as well as the key risks the Company is currently facing including how these are being managed. | YES | Ref: p6, ACGR; MOM-ARMC |
| 4.6 Seek external technical support in risk management when such competence is not available internally. | YES | Ref: MOM-ARMC; Coordination with SMIC Corporate Governance & Risk Management |
| Guidelines No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION | | |
| 5.1 Have the board Audit Committee approve all non-audit services conducted by the external auditor. The committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit. | YES | Ref: p33, ACGR |
| 5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. | YES | Ref: p33, ACGR |

| | COMPLY | EXPLAIN |
|---|--------|---|
| 5.3 Ensure that the external auditor has adequate quality control procedures. | YES | Ref: p33, ACGR |
| 5.4 Disclose relevant information on the external auditors. | YES | Ref: p33 ACGR |
| 5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process. | YES | Ref: ACGR; MOM – ARMC |
| 5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present. | YES | Ref: MOM – ARMC |
| 5.7 Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer. | YES | Ref: MOM – ARMC; SEC Form 20-IS; SMR |
| 5.8 Have a policy of rotating the lead audit partner every five years. | YES | Ref: MOM – ARMC |
| Guidelines No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON- CONTROLLING GROUP | | |
| 6.1 Adopt the principle of "one share, one vote." | YES | Ref: SEC Form 20-IS |
| 6.2 Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | YES | Ref: SEC Form 20-IS |
| 6.3 Have an effective, secure and efficient voting system. | YES | Ref: SEC Form 20-IS |
| 6.4 Have effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders. | YES | Ref: SEC Form 20-IS |
| 6.5 Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting. | YES | Ref: SEC Form 20-IS; Notice of Annual Stockholders' Meeting; Disclosures to PSE |

| | COMPLY | EXPLAIN |
|--|--------|---|
| 6.6 Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings. | YES | Ref: SEC Form 20-IS |
| 6.7 Ensure that all relevant questions during the AGM are answered. | YES | Ref: SEC Form 20-IS; Minutes of Annual Stockholders' Meeting (MO-ASM) |
| 6.8 Have clearly articulated and enforceable policies with respect to treatment of minority shareholders. | YES | Ref: SEC Form 20-IS |
| 6.9 Avoid anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group. | YES | Ref: SEC Form 20-IS |
| 6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates. | YES | Ref: SEC Form 20-IS |
| 6.11 Have a communication strategy to promote effective communication with shareholders. | YES | Ref: SEC Form 20-IS |
| 6.12 Have at least thirty percent (30%) public float to increase liquidity in the market. | YES | Ref: SEC Form 20-IS |
| 6.13 Have a transparent dividend policy. | YES | Ref: SEC Form 20-IS |
| Guidelines No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME | | |
| 7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations. | YES | Ref: Corporate Policies; Disclosures to PSE |
| 7.2 Disclose the existence, justification, and details on shareholders agreements, | YES | Ref: Corporate Policies; Disclosures to PSE |

| | COMPLY | EXPLAIN |
|---|--------|---|
| voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company. | | |
| 7.3 Disclose its director and executive compensation policy. | YES | Ref: Annual Corporate Governance Report |
| 7.4 Disclose names of groups of individuals who hold five percent (5%) or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group. | YES | Ref: Annual Corporate Governance Report |
| 7.5 Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within ninety (90) days from the end of the financial year, while interim reports shall be published within forty-five (45) days from the end of the reporting period. | YES | Ref: SEC form 17A, 17C; Disclosures to PSE |
| 7.6 Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines. | YES | Ref: Disclosures to PSE |
| 7.7 Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval. | YES | Ref: Minutes of Meeting – BOD |
| 7.8 Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its shares from the market (e.g share buy-back program). | YES | Ref: PSE Report on Number of Stockholders; Foreign Ownership Report, Disclosures to PSE |
| 7.9 Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross- holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and | YES | Ref: Annual Corporate Governance Report |

| | COMPLY | EXPLAIN |
|---|--------|--------------------------------------|
| overall equity position in the company. | | |
| Guidelines No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTEREST OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS | YES | |
| 8.1 Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers and customers, creditors as well the community, environment and other key stakeholder groups. | YES | Ref: p46, ACGR; Code of Ethics (COE) |
| 8.2 Have in place a workplace development program. | YES | Ref: p47, ACGR; Code of Ethics (COE) |
| 8.3 Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, aligns their interests with those of the shareholders. | YES | Ref: p47, ACGR; Code of Ethics (COE) |
| 8.4 Have in place a community involvement program. | YES | Ref: p46, ACGR; Code of Ethics (COE) |
| 8.5 Have in place an environment-related program. | YES | Ref: p46, ACGR; Code of Ethics (COE) |
| 8.6 Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants. | YES | Ref: Corporate Policies; COE |
| Guidelines No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING | | |
| 9.1 Develop and disclose a policy governing the company's transactions with related parties. | YES | Ref: Corporate Policies; ACGR |
| 9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered de minimis | YES | Ref: Corporate Policies; ACGR |

| | COMPLY | EXPLAIN |
|---|--------|---|
| or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval. | | |
| 9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings. | YES | Ref: Corporate Policies; p6, ACGR |
| 9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs. | YES | Ref: Minutes of Meeting– BOD; Minutes of Meeting– Audit & Risk Management Committee |
| 9.5 Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report. | YES | Ref: Disclosures to PSE |
| 9.6 Have clear policy in dealing with material non-public information by company insiders. | YES | Ref: p6, ACGR; Code of Ethics (COE) |
| 9.7 Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management. | YES | Ref: p6, ACGR; Disclosures to PSE |
| Guidelines No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE AND ENFORCEMENT | YES | |
| 10.1 Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel. | YES | Ref: Code of Ethics |
| 10.2 Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances. | YES | Ref: p21, ACGR; COE |

| | COMPLY | EXPLAIN |
|--|--------|---------------------|
| 10.3 Not seek exemption from the application of a law, rule regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation. | YES | Ref: p21, ACGR; COE |
| 10.4 Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes. | YES | Ref: p21, ACGR; COE |
| 10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements. | YES | Ref: p27, ACGR; COE |
| 10.6 Respect intellectual property rights. | YES | Ref: ACGR; COE |
| 10.7 Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner. | YES | Ref: p25, ACGR; COE |

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this documents is true, complete and correct.

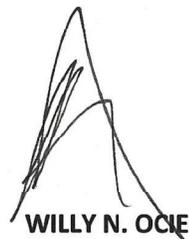
Done this 11th of March 2014 in Pasay City.



JERRY C. TIU

Independent Director

Chairman of the Audit & Risk Management Committee



WILLY N. OCIER

Chairman and Chief Executive Officer