

BenguetCorp

SEC Reg. No. 11341

July 16, 2014

SECURITIES AND EXCHANGE COMMISSION
SEC Bulding, EDSA, Greenhills
Mandaluyong City

Attention: ATTY. JUSTINA F. CALLANGAN
Director, Corporate Governance & Finance Department

Gentlemen:

Attached is Benguet Corporation's (BC) amended Manual on Corporate Governance (the "Manual") with updates pursuant to SEC Memorandum Circular No. 9, Series of 2014. Shown below are BC's compliance to the provisions of above-stated SEC Memorandum Circular as follows:

SEC Memorandum Circular No. 9, S. 2014	BC's Compliance
<p>Article 1: Definition of Terms</p> <p>a) Corporate Governance – the framework of 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 <i>stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which its operates.</i></p>	<p>Please refer to page 1, <u>first paragraph</u> of the Manual.</p>
<p>Article 3: Board Governance</p> <p>F) Responsibilities, Duties and Functions of the Board</p> <p>1. <u>General Responsibility</u> It is the Board's responsibility to foster the long term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of <i>its stockholders and other stakeholders.</i></p> <p>2. <u>Duties and Functions</u> To ensure a high standard of best practice for the corporation, <i>its stockholders and other stakeholders</i>, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities. x xxxx</p> <p>e) Identify the corporation's <i>stakeholders</i> in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communications with them.</p>	<p>Please refer to page 3 of the Manual under titled "<u>General Duties and Responsibilities of the Board</u>" of Section 3, Board of Directors.</p> <p>Please refer to page 3 of the Manual under titled "<u>Duties and Responsibilities of the Board</u>" of Section 3, Board of Directors.</p> <p>Please refer to page 4 of the Manual under <u>item d</u>, re: Duties and Responsibilities of the Board of Section 3, Board of Directors.</p>


<p>L) The Corporate Secretary x xxxx</p> <p>(iii) Work fairly and objectively with the Board, Management, stockholders and other stakeholders;</p>	<p>Please refer to page 11 of the Manual under Section 5, item f of Duties and Responsibilities.</p>
<p>Article 5: Accountability and Audit A) x xxxx</p> <p>(ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders.</p>	<p>Please refer to page 12 of the Manual under Section 7, item c of Accountability and Audit.</p>
<p>Article 8: Disclosure and Transparency x xxxx</p> <p>It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders should be publicly and timely disclosed. Such information should 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.</p> <p><i>The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submission s to the Commission for the interest of its stockholders and other stakeholders.</i></p>	<p>Please refer to page 16 of the Manual under Section 13, second paragraph of Reportorial or Disclosure System of Corporate Governance Policies.</p> <p>Please refer to page 16 of the Amended Manual under Section 13, third paragraph of Reportorial or Disclosure System of Corporate Governance Policies.</p>

We trust that we have fully complied with your requirements.

Very truly yours,

BENGUET CORPORATION

By:


REYNALDO P. MENDOZA
Senior Vice President, Legal Services/
Asst. Corporate Secretary

BENGUET CORPORATION

MANUAL ON CORPORATE GOVERNANCE

(Amended as of July 16, 2014)

Benguet Corporation (the “Company”) promulgated this Manual on Corporate Governance (the “Manual”) which provide the framework of rules, systems and processes that governs the performance of the Board of Directors (also referred to as the “Board”) 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 the Company adopts this Manual to institutionalize the principles of good corporate governance in the entire organization.

The Board and Management, i. e. officers and staff, of 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 corporate goals.

The Board, 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.

SECTION 1

Corporate Code of Ethics, Vision and Mission

The Board, Management and employees adhere to and confirm its continuing commitment embodied in the Corporate Code of Ethics, Vision and Mission which are made part of this Manual (Annex “A” hereto)

SECTION 2

Compliance Officer

To insure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.

The Compliance Officer shall have the following duties and responsibilities:

- i. Monitor compliance with the provisions and requirements of this Manual;
- ii. Identify and monitor compliance with the rules and regulations of regulatory agencies, and take appropriate corrective measures to address all regulatory issues and concerns;

- iii. Appear before the Securities and Exchange Commission (the “Commission”) upon summons on similar matters that need to be clarified by the same;
- iv. Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;
- v. Issue a certification every January 30th of the year on the extent of the Company’s compliance with this Manual for the completed year, explaining the reason/s of the latter’s deviation from the same; and
- vi. Identify, monitor and control compliance risks.

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

SECTION 3 Board of Directors

Board Governance

The Board is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on management.

Composition of the Board

- a. The amended By-Laws of the Company provides that the Board shall consist of ten (10) members who must be from among the stockholders and who shall be nominated and elected at the regular annual meeting of the stockholders. There shall be at least two (2) independent directors to be nominated and elected in the Board. Six (6) directors shall represent the holders of Convertible Preferred Class A and Common Class A stocks and four (4) directors shall represent the holders of Common Class B stock. The President of the Company shall at all times be a member of the Board of Directors. The Board of Directors shall have the right, from time to time, to elect from among its own members the person who is to be the Chairman of the Board; and
- b. The Company shall undertake to require directors to attend a seminar on corporate governance by a duly recognized private or government institute.

Multiple Board Seats

The Board shall consider the following guidelines in the determination of the number of directorships for the Board:

- i. The nature of the business of the corporations which he is a director;
- ii. Age of the director;
- iii. Number of directorship/active memberships and officerships in other corporations or organizations;

- iv. Possible conflict of interest; and
- v. The Chief Executive Officer (CEO) and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent 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.

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

The Chairman and Chief Executive Officer

The respective roles of the Chairman of the Board and the Chief Executive Officer are complimentary and ensures an appropriate balance of power, increased accountability and further provides a greater capacity of the Board for independent decision making.

If the positions of the Chairman of the Board and Chief Executive Officer are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspective.

Both the Chairman of the Board and the Chief Executive Officer shall attend all Annual and Special Stockholders' meeting.

General Duties and Responsibilities of the Board

It shall be the Board's responsibility to foster the long-term success of the Company and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

Duties and Responsibilities of the Board

To insure a high standard of best practice for the Company, its shareholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following:

- a. Install a process of selection to ensure a mix of competent directors and officers. Appoint competent, professional, honest and highly-motivated management officers; Adopt an effective succession planning program for management;
- b. Determine the Company's purpose, its vision and mission and strategies to carry out its objectives; 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;
- c. Ensure that the Company complies with all relevant laws, regulations and codes of best business practices;
 - d. Identify the Company's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;
 - e. Adopt a system of accurate, timely and effective communication towards the sectors in the community or areas affected in which the Company operates;
 - f. Adopt a system of internal checks and balances;
 - g. Identify key risk areas and key performance indicators and monitor these factors with due diligence;
 - h. Adopt a system that ensure the integrity and transparency of related party transactions between the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationship by members of the Board;
 - i. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
 - j. Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;
 - k. Properly discharge Board functions by meeting regularly.
 - l. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;
 - m. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation; and
 - n. Appoint a Compliance Officer who shall have the rank of at least Vice President. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

Board Meetings and Quorum Requirement

The members of the Board shall attend the regular and special meetings in person or through teleconferencing and videoconferencing (i.e. conferences or meetings through electronic medium or telecommunications where the participants who are not physically present are located at different local or international places) conducted in accordance with the rules and regulations of the Commission. Independent directors should always attend Board meetings but their absence shall not affect the quorum requirement.

The Company shall submit to the Commission, on or before January 30 of the following year, a sworn certification as to the attendance of the directors during Board

meetings. The certification shall be submitted through SEC Form 17-C or in a separate filing.

Duties and Responsibilities of a Director

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. Compliance with the principles of good corporate governance shall start with the Board of Directors.

A director shall observe the following norms of conduct:

- i. To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions;
- ii. To devote time and attention necessary to properly discharge his duties and responsibilities;
- iii. To act judiciously;
- iv. To exercise independent judgment;
- v. To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the rules and regulations of the Commission, and where applicable, the requirements of other regulatory agencies; and
- vi. To observe confidentiality.

Remuneration of Directors and Officers

The levels of remuneration of the Company shall be sufficient to be able to attract and retain the services of qualified and competent directors and officers.

The Amended By-Laws of the Company provides the duties and responsibilities of the Board regarding compensation of officers and titled positions. That the Board of Directors shall, from time to time, fix the compensation of the persons who hold officerships and titled positions in the Company; and the Board of Directors shall have the right to delegate this duty of fixing the compensation to the President of the Company excepting as to the President's compensation which must be fixed by the Board of Directors.

The Company's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that shall be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

SECTION 4 Board Committees

The Board shall constitute the proper committees as it may deem necessary and beneficial to the internal regulation of the Company in accordance with the

Company's By-Laws as well as to assist it in good corporate governance. The Board shall constitute the following committees with the following principal duties and responsibilities:

A. NOMINATION COMMITTEE

The Board shall create a Nomination Committee which shall be composed of at least three (3) members and one of whom must be an Independent Director.

Duties and Responsibilities:

- a. Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors; and
- b. It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors and other appointments that require Board approval in accordance with the following qualifications and disqualifications:

Qualifications of a Director:

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the following additional qualifications for membership to the Board are required:

- a. Holder of least one (1) share of stock of the Company;
- 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 have practical understanding of the business of the Company or have previous business experience;
- f. If he is a member of a professional organization, he shall maintain good membership standing; and
- g. He shall be assiduous.

Qualifications of an Independent Director

- a. An independent director shall mean a person other than an officer or employee of the Company, its parents or subsidiaries, or any other individual having a relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities as a Director; and
- b. If the independent director becomes an officer, employee or consultant of the same Company he shall be automatically disqualified from being an independent director while as officer, employee or consultant of the Company.

Disqualifications of a Director:

1. Permanent Disqualification of a Director

- a. Convicted by final judgment or order by a competent juridical or administrative body of any crime that:
 - i. Involves the purchase or sales of security, as defined in the SRC
 - ii. Arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
 - iii. Arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or an affiliated person or any of them.
- b. 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:
 - i. Acting as underwriter, broker, dealer, futures commission merchant, commodity trading advisor or floor broker
 - ii. Acting a director or officer of a bank, quasi-bank, trust company, investment house, or investment company;
 - iii. Engaging in or continuing any conduct or practice in any of the capacities mentioned in sub –paragraphs (a) and (b) or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any Court or 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, or under any rule or regulation issued by the Commission or BSP; or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.

- c. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- d. Any person finally found judicially 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, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;
- e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- f. Any person judicially declared to be insolvent;

- g. 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
- h. 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.

2. Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

- 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 the refusal persists;
- b. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;
- c. Dismissal or 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. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. This disqualification shall be lifted if the limit is later complied with.
- e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet 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.

B. SALARY (COMPENSATION) COMMITTEE

The Salary Committee shall be composed of at least three (3) members, one of whom shall be an independent director.

Duties and Responsibilities:

- a. To assist the Board in establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide

oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment. It shall ensure that the remuneration shall be of a sufficient level to attract and retain directors and officers who are needed to run the Company successfully;

- b. 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;
- c. Disallow any director to decide his or her own remuneration;
- d. 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; and
- e. Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

C. AUDIT COMMITTEE

The Audit Committee shall be composed of at least three (3) members of the Board. The Chairman of the Audit Committee shall be an Independent Director.

Each member shall have adequate understanding at least or competence at most of the Company's financial management systems and environment.

The Audit Committee shall have the following duties and responsibilities:

- a. 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;
- b. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management;
- c. Perform direct interface functions with the internal and external auditors;
- d. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;
- e. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- f. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit;
- g. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

- h. Review the report submitted by the internal and external auditors;
- i. Review the quarterly and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - i. Change/s in accounting policies and practices
 - ii. Major judgmental areas
 - iii. Significant adjustments resulting from the audit
 - iv. Going concern assumptions
 - v. Compliance with accounting standards
 - vi. Compliance with tax, legal and regulatory requirements.
- j. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- k. 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 their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
- l. Establish and identify the reporting line of the Internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee; and
- m. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

SECTION 5

Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and resident of the Philippines, is an officer of the Company. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must have working knowledge of the operations of the Company and he must also have some financial and accounting skills.

Duties and Responsibilities:

- a. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Company;
- b. As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting, 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;
- c. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- d. Attend all Board meetings and maintain record of the same;

- e. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer provided for in this Code;
- f. Work fairly and objectively with the Board, Management, shareholders and other stakeholders; and
- g. Issue certification every January 30th of the year on the attendance of directors in meetings of the board of directors, countersigned by the Chairman of the Board.

SECTION 6

Adequate and Timely Information

It shall be the Management's responsibility to provide the Board members a complete, adequate and timely information prior to Board meeting on an on-going basis. The information shall include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budget, forecasts and monthly internal financial statements. With respect to the budget, any variance between the projection and actual results shall be disclosed and explained.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by members of the Board to enable him to properly perform his duties and responsibilities. Hence members should be given independent access to Management and Corporate Secretary.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.

SECTION 7

Accountability and Audit

The Board shall be primarily accountable to the shareholders and Management shall be primarily accountable to the Board. The Board shall provide the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. The Management shall provide all members of the Board with a balanced and understandable account of the Company's performance, position and prospects on a monthly basis. They shall be primarily responsible in making financial reporting and internal control in accordance with the following guidelines:

- a. Present a balanced and understandable assessment of the Company's position and prospects. The Board's responsibility to present a balanced and understandable assessment shall be extended to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;

- b. Report that the business is a going concern, with supporting assumption or qualifications, if necessary;
- c. Maintain an effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all shareholders and other stakeholders;
- d. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
- e. Require the chief audit executive to render to the Audit Committee and senior management an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee of the Board. The annual report shall include significant risk exposure and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management. The chief audit executive's annual report shall likewise be made available to the stockholders of the Company. Internal auditors shall report that their activities are "conducted in accordance with the Standards for the Professional Practice of Internal Auditing". Otherwise, the chief audit executive shall disclose to the Board and senior management that it has not yet achieved full compliance with the standards for the professional practice of internal; and
- f. The Company shall consistently comply with the financial reporting requirements of the Commission auditing.

SECTION 8

External Auditor

The Board, after consultations with the Audit Committee, shall appoint an external auditor duly accredited by the Commission who shall undertake an independent audit of the Company, and shall provide an objective assurance on the manner 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 Company. 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 independent. The appointment of an external auditor is subject for ratification by the stockholders.

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 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.

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.

The handling partner of the Company's external auditor shall be changed every five (5) years or earlier, as determined by the Board.

SECTION 9 Internal Auditor

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.

The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.

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.

The Internal Auditor shall report to the Audit Committee.

SECTION 10 Stockholders' Rights and Protection of Minority Stockholders' Interest

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

1. Voting Right

- a. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts pursuant to the Corporation Code, the Articles of Incorporation and the By-Laws.
- b. Shareholders are entitled to vote for each share held as of the established record date. A stockholder entitled to vote at the meeting

shall have the right to vote in person or by proxy. Cumulative voting shall be used in the election of directors.

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

2. Pre-emptive Right

The Company's Amended Articles of Incorporation do not provide for pre-emptive rights to shareholders.

3. Power of Inspection

Shareholders are allowed to inspect corporate books and records including minutes of Board meetings at reasonable hours during business days in accordance with Section 74 of the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

4. Right to Information

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

5. Right to Dividends

- a. Shareholders shall have the right to receive dividends as may be determined by the Board in accordance with the Company's By-Laws.
- b. The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the Company 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 Company, such as when there is a need for special reserve for probable contingencies.

6. Appraisal Right

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

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
 - b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
 - c. In case of merger or consolidation.
- B. 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 of 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 stockholder's favor.
- It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. It shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms.
- C. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings whether in person or by proxy. Accurate and timely information shall be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.
 - D. Although all stockholders shall be treated equally or without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.

SECTION 11
Professional Training and Development Program

The Company shall adopt a professional training and development program for its employees and officers as well as succession planning for senior management and key positions in the Company.

SECTION 12
**Confidentiality and Use of Material
Inside Information**

The directors, officers and consultants of the Company shall observe confidentiality of material, inside, non-public information acquired by reason of their office and will not use and/or disclose any information to any other person without the authority of the Board.

The Policy (Ref. BPGR-013-04 dated 03-01-04) on the prohibitions on disclosure of material information is formed part of this Manual (Annex “E” hereto)

SECTION 13
**Reportorial or Disclosure System of
Corporate Governance Policies**

The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Company’s Compliance Officer.

All material information about the Company which could adversely affect its viability or the interest of its shareholders and other stakeholders should 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.

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 mechanism for listed companies and submission to the Commission for the interest of its shareholders and other stakeholders.

SECTION 14
Monitoring and Assessment

- i. Each Committee shall report regularly to the Board of Directors.
- ii. 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 Section 16 of this Manual.

- iii. 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.
- iv. This Manual shall be subject to annual review or at such frequency as may be determined by the Board.

SECTION 15 Commitment to Good Corporate Governance

- i. The Company shall establish and implement their corporate governance rules in accordance with the Code. The rules are embodied in this manual and can be used as reference by the members of the Board and Management.
- ii. This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.
- iii. 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.
- iv. An adequate number of printed copies of this Manual must be reproduced under the supervision of Personnel Department, with a minimum of at least one (1) hard copy of the Manual per department.

SECTION 16 Penalties for Non-Compliance with the Manual

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:

- a. In case of **first violation**, the subject person shall be reprimanded;
- b. Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation; and
- c. **For third violation**, the maximum penalty of removal from office may be imposed depending on the gravity of the violation.

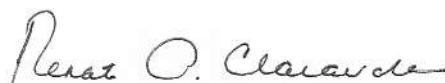
The commission of a third violation of this Manual by any member of the Board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

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.

SECTION 17 Effectivity

- 17.1 This Manual on Corporate Governance has been revised on January 15, 2008 to conform with the requirement of the Securities and Exchange Commission to include a provision requiring directors to attend a seminar on corporate governance by a duly recognized private or government institute.
- 17.2 This Manual on Corporate Governance has been revised on April 12, 2010 in line with SEC Memorandum Circular No. 6, Series of 2009.
- 17.3 This Manual on Corporate Governance has been revised on February 18, 2011 in compliance with the letter of the Commission dated January 27, 2011.
- 17.4 This Manual on Corporate Governance has been revised on July 16, 2014 in compliance with SEC Memorandum Circular No. 9, Series of 2014.

Signed this 16th day of July 2014.



RENATO A. CLARAVALL
Senior Vice President, Chief Finance Officer/
Officer-In-Charge

ANNEX “A”
(Manual on Corporate Governance)

BENGUET CORPORATION

CODE OF ETHICS

Purpose

This Code of Ethics has been adopted as an addendum to the Company’s Manual of Corporate Governance and is intended to set the principles to guide the Company in the proper conduct of business towards the company’s various stakeholders – employees, customers, suppliers, owners and providers of capital, local and national government, and the community where it operates.

BASIC PRINCIPLES FOR THE CONDUCT OF BUSINESS

A. Towards the employees -

The Company shall recognize the unique position of employees as individuals with a vital stake in their work and at the same time with inherent obligations to themselves and their own families. The company shall endeavor to provide:

- wages and salaries, and fringe benefits based on the right of the employees to a fair and improving standards of living, irrespective of sex, age and creed;
- for a fair recruitment practice that affords equal opportunity to all qualified job-seekers;
- for job security, adequate compensation for employees in cases of separation and retirement, for a safe and healthy atmosphere in the work environment conducive to the physical and moral well-being and growth of the employees;
- for conditions in which human potentials and relationships can be developed at all levels of the work force, with a view to providing therein a sense of purpose and achievement; and
- for participative element so that the knowledge, experience and creativity of all who work in the company may contribute to the decision-making process.

B. Towards the customers

The Company shall, in the production of mineral products, and delivery of services:

- avoid anything that would be detrimental to the health, or safety of the beneficiary of such goods and services; and
- deliver the product or service in the quality, quantity, time and price agreed upon.

C. Towards the suppliers

The Company shall ensure:

- that the terms of all contracts be clearly stated and unambiguous, and honored in full unless terminated or modified by mutual consent;
- that in general, payment should always be made promptly at the agreed time or, if no specific time is agreed upon, as quickly as may be reasonable, given the circumstances; and
- that no supplier be encouraged to commit his resources for apparently long-term purposes unless there are reasonable guarantees that the orders he receives from the company will not be terminated arbitrarily.

D. Towards the owners and other providers of capital

In the interest of the Owners and other Providers of Capital, the Company shall:

- provide an adequate rate of return to those contributing capital to the enterprise, and ensure the security of their investment;
- use their financial resources to provide goods and services responsibly and efficiently;
- furnish the Owners and other Providers of Capital with such information as they may reasonably require, provided that it does not adversely affect the security or efficiency of the business; and
- pursue the specific objectives of the Owners and other Providers of Capital provided these do not run contrary to any of the principles stated herein.

E. Towards The Local and National Government

Although it is the responsibility of government to enact legislation and formulate implementing policies and programs, it shall be the duty of the company;

- to participate in the discussion of proposed legislation and/ or its implementation and to propose sound policies in the use of human and material resources affecting the industry or industries where its business operates.

F. Towards the community where it operates

Realizing that the Company is using to important degree the nation's resources, the company shall:

- do its best to ensure that the way resources are deployed also benefits society in general and does not conflict with the needs and reasonable aspirations of the communities in the areas where it operates;
- as a corporate citizen, make such contributions as resources will allow
- consider the human and social costs of mechanization and technology;

G. Towards the environment and sustainable development

- pay proper regard to the environmental and social consequences of business activity, with special attention to sustainable development- that is, renewing resources where possible and minimizing waste and pollution, and not sacrifice safety or efficiency in the interest of short-term profitability;

SOME ETHICAL PRINCIPLES FOR THE PROFESSIONAL MANAGER

The concepts and principles for the conduct of business outlined in this document are commended to the managers (includes officers) of the company. A manager holds a position of trust and confidence, thus, must act with utmost fairness and according to the highest moral principles, consciously and consistently.

In particular, a manager should:

- acknowledge that his role is to serve the Company's business organization and work towards the attainment of its legitimate goals and objectives;
- avoid all abuse of executive power for personal gain, advantage or prestige;
- reveal the facts to his superiors whenever his personal business or financial interest become involved with those of the company;
- avoid conflicts of interest based on the principle that decisions should be made in the interest of the business organization at all times, and should be on his guard against allowing personal consideration to distort his judgment;
- not tolerate any form of illegal data-gathering or any form of inducement that tends to distort normal commercial judgment;

- be actively concerned with the difficulties and problems of subordinates, treat them fairly and by example, lead them effectively, assuring to all the right of reasonable access and appeal to superiors;
- recognize that his subordinates have a right to information on matters affecting them, and make provision for its prompt communication unless such communication is likely to undermine the security and efficiency of the business;
- fully evaluate the likely effects on employees and the community of the business plans for the future before taking a final decision; and
- cooperate with his colleagues and not attempt to secure personal advantages at their expense.

VISION

Benguet Corporation shall be the leading Philippine conglomerate engaged in sustainable natural resource development and nurturing mutually beneficial relationships with its shareholders, employees, communities, and environment and the nation.

MISSION

Benguet Corporation aims to be a responsible, profitable and growth oriented conglomerate engaged in natural resource development.

In furtherance of this mission, Management is committed to:

- Maximize share prices and profitability through growth in earnings and in tangible asset value;
- Be a socially responsible and environment-conscious corporate citizen adhering to the highest ethical business standards;
- Create high value-added and portfolio-stabilizing business opportunities preferably in natural resource-based endeavors through strong exploration, research and development programs; and
- Achieve competitiveness and excellence as a natural resource company through the enhanced productivity of its people the improvement in the quality of life of its employees and their families, and its host communities.

BENGUET CORPORATION

INTERNAL MEMORANDUM

March 01, 2004
BPGR-013-04

ANNEX B

TO : ALL OFFICERS, MANAGERS AND CONSULTANTS
RE : POLICY ON DISCLOSURE RULES

In compliance with the disclosure rules of the Philippine Stock Exchange (PSE), please note the prohibitions on disclosure under Section 4.2 of the Revised Disclosure Rules entitled "Selective Disclosure of Material Information", to wit:

"An Issuer is prohibited to communicate material non-public information about the Issuer to any person, unless the Issuer is ready to simultaneously disclose the material non-public information to the Exchange. This rule does not apply if the disclosure is made to:

- (a) A person who is bound by duty to maintain trust and confidence to the Issuer such as but not limited to its auditors, legal counsels, investment bankers, financial adviser, and
- (b) A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

The Issuer shall establish and implement internal controls that will ensure that its officers, staff and any other person who is privy to the material non-public information shall comply with the requirement of this rule."

In this connection, please note further that listed companies selectively disclosing material non-public information to securities analysts, institutional investors or other third parties who do not fall under letters (a) and (b) above, ahead of the general public, shall be considered as violating the aforementioned Exchange rule.

The release of material company information to persons and entities outside the Company must be avoided at all times and must be done only with prior authorization of the Company's Corporate Secretary/Assistant Corporate Secretary or the President/Chief Executive Officer.

This policy shall form part of the Company's Code of Corporate Governance and is for strict observance of all officers, managers and consultants of the Company.


BPG ROMUALDEZ