



CONCRETE AGGREGATES CORPORATION

10 December 2014

THE PHILIPPINE STOCK EXCHANGE, INC.  
3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City


Attention: **Ms. Janet A. Encarnacion**  
Head, Disclosure Department

Gentlemen:

Please find attached a copy of Concrete Aggregates Corporation's Revised Manual on Corporate Governance which we filed with the Securities and Exchange Commission earlier today, 10 December 2014.

Thank you and best regards.

Very truly yours,

  
Michael David I. Abundo III  
Corporate Information Officer



112102014001840



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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SEC Registration No. 0000036140  
Company Name CONCRETE AGGREGATES CORP.  
Industry Classification  
Company Type Stock Corporation

### Document Information

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Remarks WITH REVISED MANUAL ON CORPORATE GOVERNANCE

# COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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( Business Address: No. Street City / Town / Province )

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Contact Person

6	3	1	1	2	3	1
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Company Telephone Number

1	2	3	1
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Month  
Day  
Fiscal Year

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Month  
Day  
Annual Meeting

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FORM TYPE

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Secondary License Type, If Applicable

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Amended Articles Number/Section

6	4	1
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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CONCRETE AGGREGATES CORPORATION

10 December 2014

SECURITIES AND EXCHANGE COMMISSION  
SEC Building, EDSA Greenhills  
Mandaluyong City

Attention : **Dir. Justina F. Callangan**  
Corporate Finance Department

Gentlemen:

In compliance with Memorandum Circular No. 9, Series of 2014, mandated by the Securities and Exchange Commission's (SEC), please find attached a copy of the Revised Manual on Corporate Governance of Concrete Aggregates Corporation (CAC), which was approved by the Board of Directors during its meeting earlier today, 10 December 2014.

Thank you and best regards.

Very truly yours,

  
MICHAEL DAVID I. ABUNDO III  
Compliance Officer

PSE Security Code \_\_\_\_\_  
SEC Number 36140  
File Number \_\_\_\_\_

**CONCRETE AGGREGATES CORPORATION**

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**(Company's Full Name)**

9<sup>th</sup> Floor Ortigas Building, Ortigas Ave., Pasig City

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**(Company's Address)**

631-1231  
fax no.: 631-6517

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**(Company's Telephone Number)**

DECEMBER 31

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**(Fiscal Year Ending)**  
**(Month & Day)**

**SEC 17-C**  
**Amendment of the Revised Manual on Corporate Governance**

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**(FORM TYPE)**

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**(Amendment Designation if Applicable)**

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**Period Ended Date**

**Permit to Offer Securities for Sale**

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**(Secondary License Type, if any)**

SECURITIES AND EXCHANGE COMMISSION

SEC 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.1 THEREUNDER

1. 10 December 2014

..... Date of Report (Date of earliest event reported)

2. SEC Identification Number: 36140

3. BIR Tax Identification No. 000-201-881-V

4. Concrete Aggregates Corp.

..... Exact name of issuer as specified in its charter

5. Philippines



(SEC Use Only)

..... Province, country or other jurisdiction of incorporation Industry Classification Code:

6. 9/F Ortigas Building, Ortigas Avenue, Pasig City

1605

..... Address of principal office Postal Code

7. (02) 631-12-31

..... Issuer's telephone number, including area code

8. Not Applicable

..... Former name or former address, if changed since last report

9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding

Common Class 27,466,449

10. Indicate the item numbers reported herein:

Item 9

# REVISED MANUAL ON CORPORATE GOVERNANCE

## Concrete Aggregates Corporation

We, the Board of Directors and Management of Concrete Aggregates Corporation hereby commit ourselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

### 1 OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

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

### 2 COMPLIANCE SYSTEM

#### 2.1 Compliance Officer

2.1.1. The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. He shall perform the following duties:

- Monitor compliance by the corporation with this Manual 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;
- Appear before the Securities and Exchange Commission (the "Commission") when summoned in relation to compliance with this Manual; and
- Issue a certification every January 30th of the year on the extent of the corporation's compliance with this Manual for the completed year and, if there are any deviations, explain the reason for such deviation.

2.1.2. The appointment of the Compliance Officer shall be immediately disclosed to the Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Compliance Officer.

## 2.2 Plan of Compliance

### 2.2.1. Board of Directors

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.

#### 2.2.1.1. General Responsibility

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 interests of its stockholders and other stakeholders. The Board should 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.

#### 2.2.1.2. Specific Duties and Functions

To ensure a high standard of best practice for the corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- 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 and 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.
- Identify the 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 checks and balances within the Board.
- 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, 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 or 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. The minutes of such meetings should 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. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

#### 2.2.1.3. Board Meetings and Quorum Requirement

The members of the Board should 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 Board may, to promote transparency, require the presence of at least one independent director in all its meetings. To monitor the directors' compliance with the attendance requirements, the corporation shall submit to the Commission, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings, in accordance with the rules and regulations of the Commission.

#### 2.2.1.4. Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A director should observe the following norms of conduct:

- i. Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.
- ii. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.
- iii. Act judiciously.
- iv. Exercise independent judgment.
- v. Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.
- vi. Observe confidentiality.

#### 2.2.2. Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

##### 2.2.2.1. Nomination Committee

The Board shall constitute a Nomination Committee, which shall be composed of at least three (3) members and one of whom should be an independent director, to 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.

2.2.2.1.1. It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the following qualifications and disqualifications:

Qualifications

- Holder of at least one (1) share of stock of the corporation;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least twenty one (21) years old;
- He shall have proven to possess integrity and probity; and
- He shall be assiduous.

Permanent Disqualifications

The following shall be disqualified from becoming a director in the corporation:

- i. Any person convicted by final judgment or order of a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) 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; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- ii. 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, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, 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 (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;

- iii. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- iv. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rules, regulations or orders;
- v. Any person earlier elected as independent director who becomes an officer, employee or consultant of the corporation;
- vi. Any person judicially declared as insolvent;
- vii. 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 in the above sub-paragraphs (i) to (iv) above;

- viii. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

### **Temporary Disqualifications**

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

- i. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- ii. Absence in more than fifty (50) percent 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. The disqualification shall apply for purposes of the succeeding election.
- iii. Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance promulgated by the Commission. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- iv. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- v. 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.

2.2.2.1.2. In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future

expansionary prospects within the realm of good corporate governance at all times.

2.2.2.1.3. The Nomination Committee shall consider the following guidelines in the determination of the number of directorships that members of the Board can hold in corporations:

- The nature of the business of the corporations of which he is a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The Chief Executive Officer 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, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

#### **2.2.2.2. Compensation and Remuneration Committee**

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

##### **2.2.2.2.2. Duties and Responsibilities**

- i. Establish 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 corporation's culture, strategy and the business environment in which it operates.
- ii. Designate the amount of remuneration, which shall be in a sufficient level to attract and retain the services of qualified and competent directors and officers.

- iii. Establish a formal and transparent procedure for developing a policy on executive remuneration or determination of remuneration levels of individual directors, if any, and officers, depending on the particular needs of the corporation.
- iv. 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.
- v. Disallow any director to decide his or her own remuneration.
- vi. Provide in the corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of all compensation paid to its directors and top four (4) management officers during the previous fiscal year.
- vii. 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.
- viii. Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

#### **2.2.2.3. Audit Committee**

2.2.2.3.1. The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director.

#### **2.2.2.3.2. Duties and Responsibilities**

The Audit Committee shall have the following functions:

- i. 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;

- ii. 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 exposures and risk management activities;
- iii. 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;
- iv. Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- v. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- vi. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- vii. Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- viii. Review the reports submitted by the internal and external auditors;
- ix. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions



- Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements.
- x. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- xi. 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 corporation'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 corporation's annual report;
- xii. 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.

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.

For Philippine branches or subsidiaries of foreign corporations covered by this Manual, their Internal Auditor should be independent of the Philippine operations and should report to the regional or corporate headquarters.

### **2.2.3. The Corporate Secretary**

2.2.3.1. The Corporate Secretary is an officer of the corporation. He must be loyal to the mission, vision and specific business objectives of the corporation.

2.2.3.2. The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines.

2.2.3.3. Considering his varied functions and duties, he must possess appropriate administrative and interpersonal skills, and if he is not the corporation's legal counsel, then 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.

#### 2.2.3.4. Duties and Responsibilities

- 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;
- Work fairly and objectively with the Board, Management, stockholders and other stakeholders;
- Have a working knowledge of the operations of the corporation;
- Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings 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;
- 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;
- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code; and
- Issue a certification on or before the 30<sup>th</sup> day of January of each year on the attendance of Directors at meetings of the Board, counter-signed by the Chairman of the Board in accordance with relevant regulations of the Commission.

#### 2.2.4. External Auditor

2.2.4.1. The Board, after consultation 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 manner by which the financial statements shall be prepared and presented to the stockholders.

2.2.4.2. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the corporation'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 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.

2.2.4.3 The external auditor of the corporation shall not at the same time provide the services of an internal auditor to the corporation. The corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor or pose a threat to his independence.

2.2.4.4. The corporation's external auditor shall be rotated or the signing partner of the external auditing firm assigned to the corporation shall be changed every five (5) years or earlier.

2.3.4.5. If an external auditor believes that the statements made in the corporation's annual report, information statement or any report filed with the Commission or any regulatory body during his engagement is incorrect or incomplete, he shall present his views in said reports.

#### **2.2.5. Internal Auditor**

2.2.5.1. The corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and operational controls are effective, appropriate, and complied with.

2.2.5.2. The Internal Auditor shall report to the Audit Committee. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

2.2.5.3. The scope and particulars of a system of effective organizational and operational 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.

### **3 COMMUNICATION PROCESS**

3.1. This manual shall be available for inspection by any stockholder of the corporation at reasonable hours on business days.

3.2. 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.

3.3. An adequate number of printed copies of this Manual must be reproduced under the supervision of HRD, with a minimum of at least one (1) hard copy of the Manual per department.

#### **4 ADEQUATE AND TIMELY INFORMATION**

4.1 To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

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

4.3 The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

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

#### **5 ACCOUNTABILITY AND AUDIT**

5.1 The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

5.2 Thus it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply responsibilities to the stockholders.

5.3 Management shall formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (i) 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;

- (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 should be maintained;
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, 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; and
- (iv) The corporation shall consistently comply with the financial reporting requirements of the Commission.

## **6 TRAINING PROCESS**

6.1. If necessary, funds shall be allocated by the corporation's Chief Finance Officer or equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

6.2. A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

## **7 REPORTORIAL OR DISCLOSURE SYSTEM OF CORPORATION'S CORPORATE GOVERNANCE POLICIES**

7.1. 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.

7.2. All material information about the corporation which could adversely affect its viability or the interests of the stockholders and other stakeholders shall be publicly and timely disclosed. Such information shall include earnings results, acquisition or disposal of assets, off balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and Management.

7.3. All disclosed information shall be released via the approved stock exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

7.4. 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 stock exchange mechanisms for listed companies and submissions to the Commission for the interest of the corporation's stockholders and other stakeholders.

## **8 SHAREHOLDERS' BENEFIT**

The corporation 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 corporation and all its investors:

### **8.1. INVESTORS' RIGHTS AND PROTECTION**

#### **8.1.1. Rights of Investors/Minority Interests**

The Board shall be committed to respect the following rights of the stockholders as provided in the Corporation Code, namely:

- i. right to vote on all matters that require their consent or approval;
- ii. pre-emptive right to all stock issuances of the corporation (unless denied in the articles of incorporation);
- iii. right to inspect corporate books and records;
- iv. right to information;
- v. right to dividends; and
- vi. appraisal right.

8.1.2. 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.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should 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. Although all stockholders should be treated equally or without discrimination, the Board

should 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 corporation.

## **9 MONITORING AND ASSESSMENT**

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

9.2. The Compliance Officer shall establish an internal self-rating 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.

9.3. The establishment of such internal self-rating system, including the features thereof, shall be disclosed in the corporation's annual report (SEC Form 17-A) or in such form of report that is applicable to the corporation. The adoption of such performance internal self-rating system must be covered by a Board approval.

9.4. This Manual shall be subject to review periodically at such times as may be determined by the Board.

9.5. All business processes and practices being performed within any department or business unit of the corporation that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

## **10 COMMITMENT TO GOOD CORPORATE GOVERNANCE**

The corporation shall establish and implement its corporate governance rules in accordance with the Revised Code of Corporate Governance promulgated by the Commission. This manual is an embodiment of those corporate governance rules and can be used as a reference by the members of the Board and Management. The corporation shall submit this manual to the Commission for evaluation within one hundred eighty (180) business days to enable the Commission to determine its compliance with the Revised Code of Corporate Governance taking into consideration the nature, size and scope of the business of the corporation.

## **11 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL**

11.1. To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the corporation'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.
- Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
- For third violation, the maximum penalty of removal from office shall be imposed.

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

11.3. 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.

Signed:



JOSE C. RODRIGUEZ IV  
Director



**SECRETARY'S CERTIFICATE**


I, **Michael David I. Abundo III**, of legal age, Filipino, and with office address at the 9<sup>th</sup> Floor, Ortigas Building, Ortigas Avenue, Pasig City, after being duly sworn in accordance with law, depose and state that:

1. I am the duly elected and qualified Corporate Secretary of Concrete Aggregates Corporation (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal place of business at the 9<sup>th</sup> Floor, Ortigas Building, Ortigas Avenue, Pasig City.

2. At the regular meeting of the Board of Directors of the Corporation held on 10 December 2014, at which a quorum was present, the Board of Directors approved the amendment of the Revised Manual on Corporate Governance in compliance with SEC Memorandum Circular No. 9, Series of 2014.


3. This Certificate shall remain valid until subsequently revoked by the Board of Directors and notice thereof is actually served by the Corporation to the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand this 10<sup>th</sup> day of December, 2014 at Pasig City.

  
MICHAEL DAVID I. ABUNDO III  
Corporate Secretary

SUBSCRIBED and SWORN to before me this 10<sup>th</sup> day of December, 2014 at Pasig City, affiant exhibiting to me his passport no. EB8168183 issued on 22 May 2013 at Manila.

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Page No. 19 ;  
Book No. II ;  
Series of 2014.

  
MANUEL B. PASCUA  
Notary Public - Appt. No. 192 (2013-2014)  
for the Cities of Pasig, San Juan, Taguig  
and Municipality of Pateros, M. M.  
Until: December 31, 2014  
Roll No. 34454 - BFP Life No. 09755 02-24-11  
PTR No. 1075029 01-06-14 Rodriguez, Rizal  
ctm. 710 7th Floor Building, Ortigas Avenue, Pasig City