



May 6, 2013

PHILIPPINE STOCK EXCHANGE, INC.
Disclosure Department
3rd Floor, Philippine Stock Exchange Center
Ayala Triangle, Ayala Avenue
Makati City

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

Gentlemen:

The Board of Directors approved the following items during its regular board meeting held today:

1. YTD March 2013 Financial Performance Report which reported that the Company posted a net income of P2.2 Billion;
2. Endorsement of the re-appointment of Manabat Sanagustin & Co., CPAs as independent external auditor of the Company for year 2013 at the annual stockholders' meeting scheduled on May 21, 2013;
3. Approval of the revision of the Corporate Governance Manual of the Company increasing the number of the members of the Audit Committee of the Company from four (4) to five (5);
4. Adoption of the attached Whistle-blowing Policy and the Policy on Dealing in Securities; and
5. Approval of the attached charters of the Nomination Committee and the Compensation Committee.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Joel", written in a cursive style.

JOEL ANGELO C. CRUZ
VP - General Counsel &
Corporate Secretary

Petron Corporation and Subsidiaries Whistleblowing Policy

Policy

In the pursuit of ensuring that its business is conducted in the highest standards of fairness, transparency, accountability and ethics as embodied in its Code of Conduct and Ethical Business Policy, Petron Corporation ("Petron") has adopted procedures for directors, officers, employees and other interested parties to communicate to the Petron Audit Committee concerns regarding the accounting, internal accounting controls, auditing or financial reporting matters of Petron and its subsidiaries (collectively, the "Petron Group"). Other matters shall be directed to the appropriate supervisors or officers in accordance with the conventional reporting channels of the Petron Group as described below.

The Petron Group shall not tolerate retaliation in any form against a director, officer, employee or other interested party who, in good faith, raises a concern or reports a possible violation under this policy. This policy, however, shall not be used for addressing or taking up personal grievances.

Procedure

Communications in respect of Accounting, Internal Accounting Controls, Auditing or Financial Reporting Matters

All concerns relating to accounting, internal accounting controls, auditing or financial reporting matters may be communicated to the Petron General Counsel and Compliance Officer (the "Compliance Officer") at the head office of Petron. All communications received by the Compliance Officer will be kept confidential and employees and other interested parties may communicate concerns regarding questionable accounting, internal accounting controls, auditing or financial reporting matters to the Compliance Officer on an anonymous basis. The Compliance Officer will distribute all communications regarding accounting, internal accounting controls, auditing or financial reporting matters to the Petron Audit Committee at each meeting of the Petron Audit Committee. If it is unclear whether a communication involves accounting, auditing, internal accounting controls or financial reporting matters, the Compliance Officer shall likewise direct such communication to the Petron Audit Committee, with a note to that effect. In each case and except as the Petron Audit Committee may otherwise request, the Compliance Officer will provide original copies or records of all communications along with a summary of the communications. However, depending on the length and number of communications received, the Compliance Officer may provide a summary of the communications along with the original copy or record of any communications deemed particularly important. The original copies or records of all communications will be available to any Petron Audit Committee member upon request. The Compliance Officer will maintain a log of each

communication received, the date such communication was distributed to the Petron Audit Committee and whether it was distributed in summary or original form.

Should the concerns relating to accounting, internal accounting controls, auditing or financial reporting matters involve the Compliance Officer, such concerns may be communicated to the Petron President (or the officer designated by the President), who shall likewise keep a log of each communication received. The President (or the officer designated by the President) shall then forward such communications to the Petron Audit Committee.

The Petron Audit Committee will determine whether any action or response is necessary or appropriate in respect of a communication, and it will take or direct such action as it deems appropriate. Such action may include engaging external advisers, for which funding will be available. The determinations made by the Petron Audit Committee in respect of each communication and any further action taken will be recorded in the log maintained for such purpose by the Compliance Officer or a person designated by the Petron Audit Committee if the Compliance Officer is the subject of a communication. These determinations may be recorded based on the standard categories established by the Petron Audit Committee, which may include: the communication is not a "complaint" or "concern", as contemplated by the applicable requirements; the communication is misdirected (such as a communication involving an employment dispute); no further action shall be required because the communication can be analyzed on its face; and further action required (with a record of the action taken and its outcome). The Compliance Officer or any other person designated by the Petron Audit Committee will report on the status of any further action directed by the Petron Audit Committee on a monthly basis or at such frequency as the Petron Audit Committee may otherwise require.

All communications received by the Compliance Officer or the President, as the case may be, will be placed in confidential files and will be retained for seven years or for such longer time as may be deemed necessary by the Petron Audit Committee. These files will be under the direct control of the Petron Audit Committee.

Communications on Other Matters

Misdirected communications as determined by the Petron Audit Committee or concerns not relating to accounting, internal accounting control, auditing or financial reporting matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units affected in accordance with the Petron Group's conventional reporting channels. In this connection, employees with such concerns should raise them with their respective supervisors and the supervisors have the responsibility to ensure that such concerns are properly acted upon.

**PETRON CORPORATION
POLICY ON DEALINGS IN SECURITIES**

POLICY STATEMENT

The directors, officers and employees of Petron Corporation (the "Company") should exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the Securities Regulation Code ("SRC").

This policy statement sets out the conditions and rules under which the directors, officers and employees of the Company (the "Relevant Persons") shall deal in securities of the Company.

A. DEFINITIONS

- (a) "associates" includes the Relevant Person's spouse or relatives by affinity or consanguinity within the second degree, legitimate or common-law, or any person controlled by the Relevant Person;
- (b) "beneficiary" includes any discretionary object of a discretionary trust (where the Relevant Person is aware of the arrangement) and any beneficiary of a nondiscretionary trust;
- (c) "dealing" includes, subject to paragraph (f) below, any direct or indirect acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of the Company or any entity whose assets solely or substantially comprise securities of the Company, and the grant, acceptance, acquisition, disposal, transfer, exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer securities, or any interest in securities, of the Company or any such entity, in each case whether or not for consideration, and any agreement to do any of the foregoing, provided that advising, procuring or encouraging another person to buy, sell or otherwise deal in the Company's securities, or passing on information to any other person, if the Relevant Person knows or ought to reasonably know that such other person may use the information to buy, sell or deal in (or procure another person to buy, sell or deal in) the Company's securities shall likewise be considered as "dealing"; and "deal" shall be construed accordingly;

- (d) “material non-public information” refers to information relating to the Company that (a) has not been generally disclosed to the public; and (b) (i) would likely affect the market price of the Company’s securities after being disseminated to the public and the lapse of a reasonable time for the market to absorb such information, or (ii) would be considered by a reasonable person as important under the circumstances or influence persons who commonly invest in the Company’s securities in determining whether to buy, sell or hold the Company’s security.
- (e) “securities” means the securities defined in Section 3.1 of the SRC, as amended from time to time, issued by the Company;
- (f) notwithstanding the definition of “dealing” in paragraph (c) above, the following dealings are not subject to the provisions of the Code:
 - (i) taking up of entitlements under a rights issue, bonus issue, capitalization issue or other offer made by the Company to holders of its securities (including an offer of shares in lieu of a cash dividend) but, for the avoidance of doubt, applying for excess shares in a rights issue or applying for shares in excess of an assured allotment in an open offer is a “dealing”;
 - (ii) taking up of an offer made by the Company under any employee stock purchase plan or any long-term incentive plan for stock options;
 - (iii) allowing entitlements to lapse under a rights issue or other offer made by the Company to holders of its securities (including an offer of shares in lieu of a cash dividend);
 - (iv) exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into by the Relevant Person and the Company before a period during which the Relevant Person is prohibited from dealing under this policy and/or the SRC at the pre-determined exercise price, being a fixed monetary amount determined at the time of grant of the share option or warrant or acceptance of an offer for shares;
 - (v) undertaking to accept, or the acceptance of, a mandatory tender offer for shares in the Company made to shareholders; and
 - (vi) an acquisition of qualification shares by a director where, under applicable law and/or the Company’s constitutional documents, the final date for acquiring such shares falls within a period during which the director is prohibited from dealing under this policy

and/or SRC and the director cannot acquire such shares at another time.

For purposes of this policy, the grant to a Relevant Person of an option to subscribe or purchase the Company's securities shall be regarded as a dealing by him at the time of the grant, if the price at which such option may be exercised is fixed at the time of such grant. If, however, an option is granted to a Relevant Person on terms whereby the price at which such option may be exercised is to be fixed at the time of exercise, the dealing is to be regarded as taking place at the time of exercise.

B. PROHIBITIONS

1. A Relevant Person must not deal in any of the securities of the Company at any time when he has knowledge or is in possession of material non-public information, unless the Relevant Person (a) proves that the information was not gained from his relationship with the Company, subject to paragraph B.2 below; or (b) if the other party selling to or buying from the Relevant Person (or his agent) is identified, the Relevant Person proves (i) that he disclosed the information to the other party, or (ii) that he had reason to believe that the other party otherwise is also in possession of the information.
2. A Relevant Person must not deal in the securities of the Company when, by virtue of his position as a director of another listed company, he is in possession of material non-public information in relation to the Company's securities.
3. Relevant Persons who, by virtue of their functions and responsibilities, are considered to have knowledge or possession of material non-public information, are prohibited from dealing in the Company's securities during the following periods (each a "Blackout Period"):
 - (a) 10 business days before and five (5) business days after the deadline for the Company to make a structured disclosure or any disclosure of its financial results for any year, half-year, quarter or any other interim period; and
 - (b) five (5) business days before and five (5) business days after any non-structured disclosure of any material information other than financial results.

4. Relevant Persons who have knowledge or are in possession of material non-public information shall be prohibited from liquidating their options or selling their shares in the Company granted under any long-term incentive plan for stock options or acquired under the employee stock purchase program, as the case may be, during Blackout Periods.

Where a Relevant Person is a sole trustee, the provisions of this policy will apply to all dealings of the trust as if he were dealing on his own account (unless the Relevant Person is a bare trustee and neither he nor any of his associates is a beneficiary of the trust, in which case the provisions of this policy will not apply).

5. Where a Relevant Person deals in the securities of the Company in his capacity as a co-trustee and he has not participated in or influenced the decision to deal in the securities and is not, and none of his associates is, a beneficiary of the trust, dealings by the trust will not be regarded as his dealings.
6. When a Relevant Person places investment funds comprising securities of the Company under professional management, discretionary or otherwise, the managers must nonetheless be made subject to the same restrictions and procedures as the Relevant Person himself in respect of any proposed dealings in the Company's securities.
7. The prohibitions on dealings in the Company's securities under this policy apply to the Relevant Persons' associates who have knowledge or are in possession of material non-public information.

C. NOTIFICATION

1. Any Relevant Person of the Company who acts as trustee of a trust must ensure that his co-trustees are aware of the identity of any company of which he is a Relevant Person so as to enable them to anticipate possible difficulties. A Relevant Person having funds under management must likewise advise the investment manager.
2. Any Relevant Person who is a beneficiary, but not a trustee, of a trust which deals in securities of the Company must endeavour to ensure that the trustees notify him after they have dealt in such securities on behalf of the trust, in order that he in turn may notify the Company. For this purpose, he must ensure that the trustees are aware of the companies of which he is a Relevant Person.

3. The directors of the Company must, as a board and individually, endeavour to ensure that any employee of the Company, or any director or employee of a subsidiary of the Company, who, to their knowledge, because of such office or employment, is likely to be in possession of material non-public information in relation to the Company's securities, does not deal in those securities at a time when he would be prohibited from dealing by this policy and/or the SRC.

D. DISCLOSURE

1. Relevant Persons shall comply with the disclosure requirements under the SRC in respect of their dealings with the Company's securities.
2. The Company shall also disclose in its annual or current reports, having made specific enquiry of all directors and officers, whether its directors and officers have complied with, or whether there has been any non-compliance with, the required standards set out in this policy and the SRC; and in the event of any non-compliance, an explanation of the remedial steps taken by the Company to address such non-compliance.

E. DEALING IN SHARES OF OTHER COMPANIES

Where a Relevant Person obtains material non-public information relating to a company other than the Company in the course of performing their duties in the Company, the foregoing prohibitions apply in respect of the securities of such other company. Moreover, Relevant Persons are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

F. CONSEQUENCES FOR BREACH OF POLICY

Breach of this policy or the SRC in respect of dealings in the Company's securities by the Relevant Persons may expose them to criminal and civil liability. Breach of this policy or the SRC by Relevant Persons who are officers or employees of the Company will also be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

G. ADDITIONAL INFORMATION

Questions arising from the Company's securities dealing policy or securities dealing requirements under the SRC may be raised with the Relevant Person's senior officer, the Company's Secretary or General Counsel. A Relevant Person should consult/clarify with the foregoing persons before trading in any securities which may be affected by the policy or SRC in the event of doubt as to its application to the circumstances of such Relevant Person.

THE BOARD NOMINATION COMMITTEE CHARTER

INTRODUCTION

The Nomination Committee of Petron Corporation (the "Company") was constituted by the Board of Directors pursuant to the provisions of the by-laws and the Corporate Governance Manual of the Company (the "CG Manual").

This Nomination Committee Charter (this "Charter") sets out the roles, responsibilities, and authority of Nomination Committee and the rules of procedure that will guide the function of the Compensation Committee.

PURPOSE

The Nomination Committee is a standing committee of the Board of Directors constituted for the purpose of reviewing and evaluating the qualifications of persons nominated to become members of the Board of Directors and officers of the Company the appointment of whom requires the approval of the Board of Directors and assessing the effectiveness of the processes and procedures in the election or replacement of directors. The Nomination Committee ensures that the candidates identified have all the qualifications and none of the disqualifications for nomination and election as members of the Board of Directors or officers of the Company.

AUTHORITY

The Nomination Committee shall be granted access to records and be provided with such resources as may be necessary for the purpose of fulfilling its duties and responsibilities under this Charter.

COMPOSITION

The Nomination Committee consists of three (3) members of the Board of Directors, one of whom is an independent director as defined in the CG Manual. The Board of Directors will appoint the members of the Compensation Committee at the organizational board meeting that follows each annual stockholders' meeting or at any earlier time as the Board of Directors may deem necessary.

The independent director sitting as a member of the Nomination Committee shall be the Chairman of the Committee. In the absence of the Chairman during any meeting of the Nomination Committee, a Chairman *pro tempore* may shall be designated by the members present. The Corporate Secretary of the Company is the secretary of the Nomination Committee.

THE CHARTER OF THE NOMINATION COMMITTEE OF PETRON CORPORATION

The Nomination Committee shall act only on the affirmative vote of at least two (2) members at a meeting or by unanimous written consent of the members.

The Nomination Committee may appoint one or more persons to act as advisor to the committee who shall have the right to attend the meetings of the committee but shall have no right to vote.

MEETINGS

The Nomination Committee shall meet at such times and places as it considers appropriate. The Chairman may call a meeting at any time as needed.

All committee members are expected to attend each meeting, in person or via tele- or video-conference. The meetings are limited to the committee members and whoever is authorized by the Nomination Committee to attend. As necessary, the Nomination Committee will invite members of management and organization staff or any independent adviser to provide pertinent information or data.

The Nomination Committee, through the Corporate Secretary of the Company, distributes the notice, the agenda and the appropriate committee materials at least two (2) days before any meeting so the members can intelligently review the various matters raised. The meetings begin with the reading and approval of the minutes of the previous meeting.

Two (2) of the three (3) members of the Nomination Committee constitute a quorum for the transaction of the Committee's business. The vote of at least two (2) members will be required for any action of the Nomination Committee.

DUTIES AND RESPONSIBILITIES

The Nomination Committee pre-screens and shortlists candidates nominated to become members of the Board of Directors in accordance with the qualifications and disqualifications as provided under the by-laws of the Company, the CG Manual, and applicable laws, rules, and regulations.

In particular, the Committee shall ensure that a person nominated and elected as a director has the following minimum qualifications:

1. holder of at least one (1) share of stock of the Company;
2. be a college graduate or have sufficient experience in managing a business;
3. be at least twenty one (21) years old; and
4. possesses integrity.

THE CHARTER OF THE NOMINATION COMMITTEE OF PETRON CORPORATION

The Nomination Committee shall likewise ensure that a person nominated and elected as a director does not have any of the following disqualifications:

1. engaged in any business that competes with or is antagonistic to that of the Company;

A person is deemed to engage in competing or antagonistic business if:

- (a) The person is an officer, manager or controlling person of, or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares, or similar ownership interest, of any corporation, or other form of business entity (other than one in which the Company owns at least thirty percent [30%] of the total issued and outstanding capital stock or equivalent ownership interest) engaged in a business that the Board of Directors determines to be competitive or antagonistic to that of the Company;
 - (b) The person is an officer, manager or controlling person of, or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares, or similar ownership interest, of any other corporation or business engaged in any line of business of the Company, if the Board of Directors determines that the laws against combinations in restraint of trade shall be violated by such person's membership in the Board; or
 - (c) The person is the nominee of any person described in (a) and (b) above as determined by the Board of Directors in the exercise of its judgment, in good faith.
2. has been convicted by final judgment of a competent judicial or administrative body of an offense involving moral turpitude and/or fraud or has been enjoined or restrained by the Securities and Exchange Commission (the "Commission") or other competent judicial or administrative body for violation of the securities, commodities, and other related laws;
 3. has been determined by the Commission or a court or administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or the *Bangko Sentral ng Pilipinas* ("BSP"), or any rule, regulation or order of the Commission or the BSP;
 4. has been declared insolvent by a competent court;
 5. has been convicted by final judgment of a competent court or administrative body 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 proposed election or appointment; or

THE CHARTER OF THE NOMINATION COMMITTEE OF PETRON CORPORATION

6. has been 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.

The Nomination Committee shall also consider the following guidelines in the determination of the number of allowed membership in other boards of the members of the Board of Directors of the Company:

1. the nature of the business of the other companies in which a member of the Board of Directors is also a director;
2. age of the director;
3. number of directorships/active memberships and officerships in other corporations or organizations; and
4. possible conflict of interest.

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

As expressly provided in the CG Manual, a director is mandated to exercise due discretion in accepting and holding directorships other in the Company, provided that, in holding such directorships, such director shall ensure that his capacity to diligently and efficiently perform his duties and responsibilities as a director of the Company is not compromised.

The Nomination Committee, in the performance of its duties, may also set further guidelines on multiple board seats that may be held by directors of the Company in addition to the limitations under applicable law. The Nomination Committee shall note the maximum number of boards of other companies on which the Chief Executive Officer, the other executive directors, the non-executive directors and the independent directors may serve and ensure that they submit to the set limit on membership on other boards. In any case, the capacity of directors to serve with diligence should not be compromised by their service on the boards of other companies.

The Nomination Committee is also tasked to redefine 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.

The Nomination Committee shall ensure that the Company shall have at least two (2) independent directors or such independent directors as shall constitute at least twenty percent (20%) of the members of the Board of Directors, whichever is lesser, or such minimum number of independent directors as may be required by applicable law or regulation.

REPORTING PROCEDURES

The Chairman of the Nomination Committee, or in his absence, the member elected by the members present in a meeting, shall report to the Board of Directors the decisions and recommendations made by the Nomination Committee following each meeting.

The Nomination Committee shall prepare an annual report of its activities for inclusion in the Company's annual report.

PERFORMANCE EVALUATION

The Nomination Committee shall periodically assess its effectiveness by comparing its performance with the requirements of this Charter to ensure compliance with this Charter and best practice.

The Nomination Committee shall also review and assess the adequacy of this Charter annually or as conditions dictate, recommend any modifications as deemed appropriate, and obtain the approval of the Board of Directors for any revisions.

THE BOARD COMPENSATION COMMITTEE CHARTER

INTRODUCTION

The Compensation Committee of Petron Corporation (the "Company") was constituted by the Board of Directors pursuant to the provisions of the by-laws and the Corporate Governance Manual of the Company (the "CG Manual").

This Compensation Committee Charter (this "Charter") sets out the roles, responsibilities, and authority of Compensation Committee and the rules of procedure that will guide the function of the Compensation Committee.

PURPOSE

The Compensation Committee is a standing committee of the Board of Directors constituted for the purpose of reviewing and approving the salary structures of executive officers and compensation policy matters such as the adoption, modification and interpretation of corporate benefit plans, and considering and approving the career advancement of personnel beginning from the position of Division Head (or its equivalent). The Compensation Committee is likewise tasked to periodically review the Full Business Interest Disclosure of the Company.

AUTHORITY

The Compensation Committee shall be granted access to records and be provided with such resources as may be necessary for the purpose of fulfilling its duties and responsibilities under this Charter.

LIMITATIONS ON MEMBERS

A member of the Compensation Committee shall not participate in decisions with respect to his or her own remuneration, unless the same shall be applied to all directors.

COMPOSITION

The Compensation Committee consists of five (5) members of the Board of Directors, one of whom is an independent director as defined in the CG Manual. The Board of Directors will appoint the members of the Compensation Committee at the organizational board meeting that follows each annual stockholders' meeting or at any earlier time as the Board of Director may deem necessary.

THE CHARTER OF THE COMPENSATION COMMITTEE OF PETRON CORPORATION

The Chairman and the President of the Company are included as members of the Compensation Committee, but without voting rights.

The Chairman of the Board of Directors is the Chairman of the Compensation Committee. In the absence of the Chairman during any meeting of the Compensation Committee, a Chairman *pro tempore* may shall be designated by the members present. The head of the Human Resources Management Department of the Company is the secretary of the Compensation Committee.

The Compensation Committee shall act only on the affirmative vote of at least two (2) of voting members at a meeting or by unanimous written consent of the voting members.

The Compensation Committee may appoint one or more persons to act as advisor to the committee who shall have the right to attend the meetings of the committee but shall have no right to vote.

MEETINGS

The Compensation Committee shall meet at such times and places as it considers appropriate. The Chairman may call a meeting at any time as needed.

All committee members are expected to attend each meeting, in person or via tele- or video-conference. The meetings are limited to the committee members and whoever is authorized by the Compensation Committee to attend. As necessary, the Compensation Committee will invite members of management and organization staff or any independent adviser to provide pertinent information or data.

The Compensation Committee, through the committee secretary, distributes the notice, the agenda and the appropriate committee materials at least two (2) days before any meeting so the members can intelligently review the various matters raised. The meetings begin with the reading and approval of the minutes of the previous meeting.

Three (3) of the five (5) members of the Compensation Committee constitute a quorum for the transaction of the Committee's business, provided that at least two (2) voting members are present. The vote of at least two (2) voting members will be required for any action of the Compensation Committee.

THE CHARTER OF THE COMPENSATION COMMITTEE OF PETRON CORPORATION

DUTIES AND RESPONSIBILITIES

The Company has formal and transparent procedures for fixing the remuneration packages of individual directors and of officers. In setting salary structures and other remuneration for officers and directors, the Compensation Committee ensures that salaries and remuneration are set at level adequate to attract and retain d officers and directors with the qualifications and experience needed to manage the Company successfully.

The Compensation Committee further ensures that the Company's annual reports, information and proxy statements clearly, concisely and understandably disclose the compensation of its executive officers as required by applicable laws or rules and regulations.

In meeting its purposes, the Compensation Committee will carry out the following duties and responsibilities:

1. Consider and approve the salary structure and modifications thereto for individuals in the positions of Vice President, or its equivalent, and above;
2. Consider and approve promotions to positions of Division Head and salary increases to be granted concurrently with such promotions; and
3. Consider and approve other compensation policy matters such as the adoption, modification and interpretation of corporate benefit plans.

The Compensation Committee has developed 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 interest of shareholdings that may directly or indirectly conflict in their performance of duties once hired. The Compensation Committee shall review the Full Business Interest Disclosure periodically to determine the need the continued appropriateness of the same and its required information.

REPORTING PROCEDURES

The Chairman of the Compensation Committee, or in his absence, the member elected by the members present in a meeting, shall report to the Board of Directors the decisions and recommendations made by the Compensation Committee following each meeting.

The Compensation Committee shall prepare an annual report of its activities for inclusion in the Company's annual report.

PERFORMANCE EVALUATION

The Compensation Committee shall periodically assess its effectiveness by comparing its performance with the requirements of this Charter to ensure compliance with this Charter and best practice.

The Compensation Committee shall also review and assess the adequacy of this Charter annually or as conditions dictate, recommend any modifications as deemed appropriate, and obtain the approval of the Board of Directors for any revisions.