

## **POLICY STATEMENT**

Consistent with the key mandates and specific duties and responsibilities of each member of the Board of Directors and officer of Chemical Industries of the Phils., Inc. ("CIP" or the "Company"), the Company hereby formalizes the Directors and Officers' Orientation and Training Policy ("Policy").

As a matter of rule, each member of the Board of Directors shall undertake the requirements set out in this Policy with respect to the orientation programs for New Directors and the mandatory annual training programs for all the members of the Board of Directors, as far as practicable. The mandatory annual training program shall also apply to executive officers with the rank of Vice President and above.

The said training program is in compliance with the Philippine Securities and Exchange Commission (SEC) Memorandum Circular 20, Series of 2013, herein attached as "Annex A" for easy reference.

## **1. ORIENTATION PROGRAM FOR NEW DIRECTORS**

### **1.1. Rationale**

This Policy aims to provide new Directors of the Company with the necessary knowledge of and familiarity with the Company's day-to-day operations. It is the Company's belief that all the Directors will have more meaningful contributions to the Company if each is properly and suitably informed of the activities of the Company. This can be earliest achieved through a comprehensive orientation program for new directors as envisioned in this Policy.

### **1.2. Orientation of the New Directors**

The Orientation Program will provide new directors with an overview of the overall operations and interaction with key partners of the Company.

New directors shall likewise have the opportunity to meet with the Chairman of the Board, the Chief Executive Officer, Compliance Officer, and the Corporate Secretary.

Topics for discussion may include but not limited to the following:

- Overview of the Company;
- Current events and reports of the Company;
- Corporate Governance Structure and Policies;
- Business Plans & Forecasts;
- Directors' and Officers' Insurance Coverage.

The orientation shall be done within the first 30 days of the Director's tenure, and if possible, before the Director's first Board meeting.

### **1.3. Visit and Inspection of Plant Site**

New Directors are encouraged to visit the sites of operations within the same period provided in item 1.2 above or as soon as practicable. Management will make the necessary arrangements for said visit.

The objective is to help the new director gain familiarity with the business environment and the actual operations. In addition, this will be an opportunity for needed interaction with the middle management and the other employees of the Company.

## **2. TRAININGS AND DEVELOPMENT REQUIREMENTS**

### **2.1 Rationale**

This Policy aims to ensure that individual members of the Board of Directors are provided, on a yearly basis, with the necessary, relevant or and appropriate training and/or development programs, consistent with Company's belief that effectiveness and competency of Directors will be enhanced through continuing training and development.

### **2.2 Training and Development Program**

The Compliance Officer and the Corporate Secretary are responsible for arranging the relevant and/or required training and/or development programs or courses for the members of the Board, and in coordinating and facilitating their attendance thereto.

A reasonable annual budget for the trainings and development program shall be made available.

All Directors will be required to complete at least one (1) accredited seminar, workshop or program on per calendar year basis, whether sponsored by the Company or by an external service provider/s, whether in or outside the Philippines. Directors may also choose to pursue a director certification program, if available.

Trainings and/or development programs for the members of the Board of Directors may include but shall not be limited to the following:

- Audit and Compliance
- Board and CEO Performance
- Chemical Plant Operations
- Financial Literacy
- Governance and Ethics
- Leadership
- Regulatory Environment
- Risk Management
- Strategic Planning.

The following activities shall likewise be made available:

- Management shall provide Directors updates on items of interest regarding the Company and its business, along with pertinent articles and reports published regarding the Company and its business;
- Presentation by the Chief Finance Officer and/or Compliance Officer on new accounting, legal, regulatory requirements, rules and/or policies affecting the Company;
- Plant site visits from time to time.

The Corporate Secretary shall keep records of the details of attendance at seminars and participation in directors' training courses of each director.

### **3. AMENDMENT**

This policy shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

### **4. EFFECTIVITY/ APPROVAL**

This policy is subject to Board review and approval. This policy, when approved, shall be effective immediately.

**ANNEX "A"**



**Republic of the Philippines**  
**Department of Finance**  
**Securities and Exchange Commission**  
SEC Building, EDSA, Greenhills, Mandaluyong City

**SEC MEMORANDUM CIRCULAR NO. 20**  
**Series of 2013**

**TO : ALL LISTED COMPANIES**

**SUBJECT : ALL MEMBERS OF THE BOARD OF DIRECTORS AND KEY OFFICERS OF PUBLICLY LISTED COMPANIES TO ATTEND CORPORATE GOVERNANCE TRAININGS ONLY WITH SEC ACCREDITED TRAINING PROVIDERS**

The Commission, pursuant to its regulatory and supervisory power under Section 5 of the Securities Regulation Code, hereby directs all key officers and members of the board of publicly-listed companies (PLCs) to attend, at least once a year, a program on corporate governance conducted by training providers that are duly accredited by the Commission.

Participants, through the corporation, shall submit a Certificate of Attendance within ten (10) days from the completion of the program.

This circular shall take effect on January 1, 2014.

Signed this 29<sup>th</sup> day of November 2013, Mandaluyong City, Philippines.

For the Commission:

A handwritten signature in black ink, appearing to read "T. J. Herbosa".

**TERESITA J. HERBOSA**  
Chairperson