



Melco Crown Philippines

May 31, 2017

SECURITIES AND EXCHANGE COMMISSION

Corporate Governance & Finance Department
PICC Complex, Roxas Boulevard
Pasay City 1307

Attention : **Atty. Justina F. Callangan**
Acting Director, Corporate Governance & Finance Department

Copy to : **Mr. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

Subject : Revised Manual on Corporate Governance (“Manual”)

Dear Director Callangan:

In compliance with the SEC Memorandum Circular No. 19, Series of 2016, we submit the attached Manual of Melco Resorts and Entertainment (Philippines) Corporation (“**MRP**”), formerly Melco Crown (Philippines) Resorts Corporation.

For easy reference by the Commission, the changes in the Manual are in *italics* and underscored.

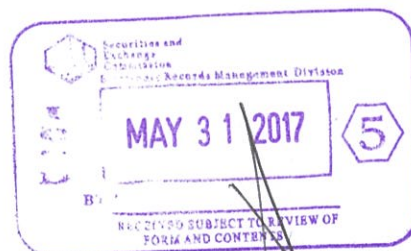
Thank you.

Very truly yours,

**MELCO RESORTS AND ENTERTAINMENT
(PHILIPPINES) CORPORATION**

By:


MARISSA T. ACADEMIA
Corporate Secretary



MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION

REVISED MANUAL ON CORPORATE GOVERNANCE (Pursuant to SEC Memorandum Circular No. 19, Series of 2016)

The Board of Directors and Management of Melco Resorts and Entertainment (Philippines) Corporation (the “**Corporation**”) hereby commit themselves to the principles and best practices contained in this Revised Manual on Corporate Governance (the “**Manual**”), and acknowledge that this Manual shall guide the Corporation in the conduct of its business and the attainment of its corporate goals.

I.

OBJECTIVE

The day to day business and affairs of the Corporation are conducted by its employees, Management, and its Property President/Chief Operating Officer (“**PP/COO**”). This Manual reflects practices that the Board of Directors (the “**Board**”) has developed to facilitate the effective management of the business and affairs of the Corporation under the Board’s direction and high standards of corporate governance. The Board will conduct an annual review of this Manual. Upon review, this Manual is subject to future amendment, if the Board deems changes necessary or advisable in order to achieve effective management of the business and affairs of the Corporation, to meet applicable legal and regulatory requirements or to ensure the practicality and workability of this Manual.

1.1. Definition of Terms

- a. **Corporate Governance** – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society. Its purpose is to maximize the organization’s long-term success, creating sustainable value for its shareholders, stakeholders and the nation.
- b. **Board of Directors** – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its assets.
- c. **Exchange** – an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;
- d. **Management** – a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation.

- e. ***Independent Director*** – a person who is independent of management and the controlling shareholder, and is free from any business or other relationships which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
- f. ***Executive Director*** – a director who has executive responsibility for day-to-day operations of a part or the whole of the Corporation.
- g. ***Non-executive director*** – a director who has no executive responsibilities and does not perform any work related to the operations of the Corporation.
- h. ***Conglomerate*** – a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.
- i. ***Non-Audit Work*** – the other services offered by an external auditor to a Corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliations, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor.
- j. ***Internal Control*** – established processes designed and effected by the Board of Directors, Senior Management and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operation of reliable, complete and timely financial and management information, and compliance with applicable laws, regulations, and the Corporation's policies and procedures.
- k. ***Internal Control System*** – the framework under which internal controls are developed and implemented (alone or in connection with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Corporation is exposed.
- l. ***Internal Audit*** – an independent and objective assurance activity designed to add value to and improve the Corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- m. ***Enterprise Risk Management ("ERM")*** – a process, effected by the Corporation's Board of Directors, Management and other personnel, applied in a strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of corporate objectives.
- n. ***Related Party*** – covers the Corporation's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Corporation exerts direct or indirect control over or that exerts direct or indirect control over the Corporation; the Corporation's directors, officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other persons or juridical entities whose interests may pose a potential conflict with the interests of the Corporation.

- o. **Related Party Transactions (“RPTs”)** – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It is interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
- p. **Stakeholders** – any individual, organization or society at large who can either affect or be affected by the Corporation’s strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees suppliers, and investors, as well as the government and community in which the Corporation operates.
- q. **Stockholders/Shareholders** – owners of shares of stock in the Corporation. The term is used interchangeably throughout this Manual.

II.

CORPORATE GOVERNANCE STRUCTURE

The governance structure in the Corporation shall be designed to be a working structure for principled actions, effective decision-making and appropriate monitoring of both compliance and performance.

2.1. Board of Directors

To perform the Board’s responsibilities and functions, the directors shall set and abide by high standards of responsibility and ethics, so as to ensure that the Corporation is committed to business success through maintenance of such high standards.

Effective directors engage in careful review, as well as constructive analysis and evaluation. The job of a director requires them to ask in-depth questions of Management and to take actions necessary to get accurate reports on status and results of operations and development. Effective oversight requires giving credit and recognition to Management where effectiveness has been demonstrated.

The directors may rely on the advice, reports and opinions of Management, counsel and expert advisers. In doing so, the Board evaluates the qualifications of those it relies upon for information and advice, and also looks to the process used by managers and advisers in reaching their recommendations.

It shall be the Board’s responsibility to foster the success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interests of its Stockholders and other Stakeholders. The Board shall conduct itself with honesty and integrity in the discharge of its duties, functions and responsibilities.

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.

A. Composition of the Board

The Board shall be composed of at least seven (7) members who are elected by the Stockholders, of which at least two (2) are independent directors. The membership of the Board is composed of a majority of Non-Executive Directors that includes the 2 independent directors and a minority of Executive Directors, all of which shall possess the necessary qualifications to effectively participate and help secure objective, independent judgments on corporate affairs and to substantiate proper checks and balances. As such, the Board is not dominated by members who are corporate executives.

The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Corporation's industry. The Board shall ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the Corporation based on the evolving business environment and strategic direction.

The Board shall review from time to time the appropriateness of its size. The Board should consider expanding its size to accommodate appropriate and suitable candidates. The Board, through the Nominating and Corporate Governance Committee, will have the opportunity to review the appropriateness of the continued services of Directors who change their positions or responsibilities that they held when they were elected to the Board. Following such review, the Nominating and Corporate Governance Committee will discuss any concerns they may have with the Chairman.

The Non-Executive Directors possess qualifications and stature that enable them to effectively participate in the deliberations of the Board.

Each Board member must ensure that other existing and anticipated future commitments do not materially interfere with such member's service as a Director. Directors should advise the Nominating and Corporate Governance Committee of any invitations to join the board of any other public corporation or as an officer of a major shareholder or other corporation with a material association with the Corporation, prior to accepting another directorship or joining as an officer of such other company.

The Board shall also have a policy on board diversity to ensure that optimal decision-making is achieved. The Board Diversity Policy shall not be limited to gender diversity, but shall also include diversity in age, ethnicity, culture, skills, competence and knowledge.

B. General Responsibilities

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Corporation's Articles of Incorporation and By-laws, and other legal pronouncements and guidelines shall be made clearly known to all Directors as well as to Shareholders and other Stakeholders.

- a. The Directors' main responsibility is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Corporation, its Stockholders and other Stakeholders. The Board advises and counsels the Corporation's Senior Management and monitors the performance of such Management and the affairs of the Corporation.

- b. The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the Corporation and all Shareholders.
- c. A Director's office is one of trust and confidence. He or she shall act in a manner characterized by transparency, accountability and fairness.
- d. The Board shall oversee the development of and approve the Corporation's business objectives and strategy, and monitor their implementation, in order to sustain the Corporation's long-term viability and strength.
- e. The Board shall oversee that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The ERM framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness or risk management strategies.
- f. The Board should adopt a Code of Business Conduct and Ethics, and ensure the proper and efficient implementation and monitoring of compliance with said Code and internal policies. The Code of Business Conduct and Ethics shall provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, Senior Management and employees. It should also be disclosed and made available to the public through the corporate website.
- g. It shall be the Board's responsibility to formulate the Corporation's visions, missions, strategic objectives, policies and procedures that guide the Corporation's activities, including the means to effectively monitor Management's performance.

C. Duties and Functions of the Board

1. General Functions

To ensure a high standard of best practice for the Corporation, its Stockholders and other Stakeholders, the Board shall:

- a. 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.;
- b. Adopt an effective succession planning program for Directors to ensure growth and continued increase in Shareholders' value;
- c. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. 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;
- d. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices;
- e. Establish and maintain an investor relations program that will keep the Stockholders informed of important developments in the Corporation;
- f. Identify the Corporation's Stakeholders and sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate clear policies for accurate, timely and effective communications with them;

- g. Adopt a system of checks and balances within the Board. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times.
- h. Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and Shareholders. There will be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness. The Board shall also approve the Internal Audit Charter;
- i. 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;
- j. Formulate and implement group-wide policies and procedures that ensure the integrity, transparency and proper disclosure of related party transactions between and among the Corporation and its parent corporation, joint ventures, subsidiaries, associates, affiliates, major Stockholders, other Stakeholders, officers and Directors, including their spouses, children and dependent siblings and parents, and of interlocking Director relationships by members of the Board;
- k. 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;
- l. Constitute an Audit and Risk Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- m. Meet at such times or frequency as may be needed and such meeting shall be duly recorded and minuted. Independent views during the Board meetings should be encouraged and given due consideration;
- n. Install a process of selection to ensure a mix of competent Directors and officers;
- o. Appoint a Compliance Officer who shall have the rank of at least Vice-President;
- p. Appoint a Corporate Secretary, who shall preferably be a lawyer and shall act as the Compliance Officer;
- q. Determine the Corporation's purposes, its visions and missions, and strategies to carry out its objectives;
- r. Establish an effective performance management framework that will ensure that the Management, including the President and employees, performances are at par with the standards set by the Board and Senior Management;
- s. Keep board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.

2. Specific Functions

The Board also performs a number of specific functions, either directly or through its committees, including:

- a. Approve the selection and assess the performance of Management led by the President, and control functions led by their respective heads (Chief Risk Officer and Chief Compliance Officer);
- b. Define the roles, duties and responsibilities of the PP/COO by integrating the dynamic requirements of the business as a going concern and future expansion prospects within the realm of good corporate governance at all times;
- c. Review, approve and monitor fundamental financial and business strategies and major corporate actions;
- d. Assess major risks facing the Corporation and reviewing options for their mitigation;
- e. Ensure that processes are in place for maintaining the integrity of the Corporation: the integrity of the financial statements, the integrity of compliance with laws and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other Stakeholders.

3. Specific Duties and Responsibilities of Each Director

A Director of the Corporation shall have the following duties and responsibilities:

- (i) Act with fairness in all his or her dealings with the Corporation and ensure that his or her own personal interests do not affect his or her decisions in the Board level;
- (ii) Devote sufficient time and attention to properly discharge his or her duties and responsibilities;
- (iii) Act judiciously;
- (iv) Exercise independent judgment;
- (v) Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Securities and Exchange Commission ("**SEC**" or "**Commission**"), and where applicable, the requirements of other regulatory agencies;
- (vi) Observe confidentiality, except in matters already disclosed publicly; and
- (vii) Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

D. Qualifications

1. Qualifications of a Director

Each Director of the Corporation must possess all the following qualifications:

- a. A holder of at least one (1) share of stock of the Corporation;

- b. At least a college graduate or equivalent academic degree;
- c. Practical understanding of the business of the Corporation;
- d. Membership in good standing in relevant industry, business or professional organization; and
- e. Previous business experience.

1.1 Qualifications of an Independent Director

An Independent Director refers to a person who, ideally:

- a. Is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the Corporation;
- b. Except in an independent capacity, is not, and has not been in the three (3) years immediately preceding the election, a director of the Corporation; a director, officer, employee of the Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation's substantial Shareholders and its related companies;
- c. Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;
- d. Is not a relative of a director, officer, or substantial shareholder of the Corporation or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- e. Is not acting as a nominee or representative of any director of the Corporation or any of its related companies;
- f. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker of dealer;
- g. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholders, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his or her election;
- h. Does not engage or has not engaged, whether alone or with other persons or through a firm of which said person is a partner, director or substantial shareholder, in any transaction with the Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

- i. Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders;
- j. Is not employed as an executive officer of another corporation where any of the Corporation's executives serve as directors; and
- k. Is not appointed as chairman "Emeritus", "Ex-Officio" director/officer, or Member of any Executive Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities. Such person shall be subject to a three (3) year "cooling-off period" prior to qualification as an Independent Director.

1.2 Term Limits for Independent Directors

Independent Directors can serve for a maximum cumulative term of nine (9) years. Thereafter, the independent director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as an Executive or Non-Executive director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek Shareholders' approval during an annual shareholders' meeting.

1.3 The Non-Executive Directors of the Board should concurrently serve as directors to a maximum of only five (5) publicly listed corporations to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Corporation. A Director should notify the Board where he/she is an incumbent director before accepting a directorship in another corporation.

2. Disqualification of a Director

Any of the following shall be grounds for disqualification of a Director of the Corporation:

2.1 Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

- (i) Conviction by final judgment or order by 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; and (c) arises out of a 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 SEC, Bangko Sentral ng Pilipinas ("BSP") 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 and (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 governs securities and banking activities.

- (iii) If (a) subject of an order of the Commission, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him or her under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or under any rule or regulation issued by the Commission or BSP, or (b) has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him or her from membership, participation or association with a member or participant of the organization;
- (iv) Conviction by final judgment or order by a court, or competent administrative body of a crime involving moral turpitude, whether by a local court or a foreign court, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (v) Any person who has been adjudged by final judgment or order of the SEC, BSP, 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 or by any other government agencies having jurisdiction;
- (vi) Elected as an Independent Director who becomes an officer, employee or consultant of the same corporation;
- (vii) Any person judicially declared as insolvent;
- (viii) 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 above;
- (ix) Conviction of final judgment of a crime punishable by imprisonment for a period exceeding six (6) years, whether or not pardoned, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and
- (x) Other grounds as the SEC may provide from time to time.

2.2 Temporary Disqualification

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

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code as its implementing Rules and Regulations.
- (ii) Absence from more than fifty (50%) percent of all regular and special meetings of the Board during his or her 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 a director of any publicly-listed corporation or public registered issuer of securities and holder of a secondary license from the Commission. The disqualification shall be in effect until he or she has been cleared from any involvement in the cause that gave rise to the dismissal or termination; and

- (iv) If any of the judgments or orders cited in the grounds for permanent disqualifications have 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 said Director fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

2.3 Disqualification for Independent Directors

In addition to those provided under the Corporation's By-Laws, any of the following persons shall be disqualified to sit as an Independent Director:

- a. an Independent Director who has served for nine (9) years in the Corporation shall be perpetually barred from being elected as such in the Corporation, unless the provisions of Section II (2.1) (D) (1.2) above applies;
- b. a Director who is, or at any time during the past five (5) years, was employed in any executive capacity by the Corporation or any of its subsidiaries or affiliates;
- c. a Director who accepted, or who has a family member¹ who accepted, either directly or indirectly, any compensation (including political contributions) from the Corporation within the three (3) years preceding the determination of independence, other than the following:
 - (i) compensation for Board or Board Committee service;
 - (ii) compensation paid to a family member¹ who is an employee (other than an executive officer) of the Corporation; or
 - (iii) fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation (provided that such compensation is not contingent in any way on continued service);
- d. a Director who is a family member of an individual who is, or at any time during the past three (3) years was, employed by any member of the Corporation as an executive officer;
- e. a partner in, or a controlling shareholder or an executive officer of, any organization to which the Corporation made, or from which the Corporation received, payments for property or services in the current or any of the past three (3) fiscal years that exceeds five percent (5%) of the recipient's consolidated gross revenues for that year, or US\$200,000, whichever is higher, other than the following:
 - (i) payments arising solely from investments in the Corporation's securities; or
 - (ii) payments under non-discretionary charitable contribution matching programs.

¹ "Family member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

- f. a Director of the Corporation who is, or has a family member who was, employed as an executive officer of another entity where, at any time during the past three (3) years, as the executive officer of the Corporation served on the Compensation Committee of such other entity;
- g. a Director who is, or has a family member who is, a current partner of the Corporation's external auditor, or was a partner or employee of the Corporation's external auditor who worked on the Corporation's audit at any time during the past five (5) years;
- h. a Director who is, or has a family member who is, a partner in, or a controlling shareholder of, any organization that provides accounting, consulting, legal, investment banking, financial or other advisory services to the Corporation at any time during the past five (5) years; or
- i. if the beneficial ownership of the Independent Director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an Independent Director will be lifted if the limit is later complied with.

E. Internal Control Responsibilities of the Director and Management

1. The internal control environment of the Corporation requires of the following:
 - a. The Board which ensures that the Corporation is properly and effectively managed and supervised;
 - b. Management that actively manages and operates the Corporation in a sound and prudent manner;
 - c. The organizational and procedural controls supported by effective management information and risk management reporting systems; and
 - d. An independent internal audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations and information systems, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with laws, rules, regulations and contracts.
2. The minimum internal control mechanisms for the performance of the Board's oversight responsibilities include:
 - a. Definition of the duties and responsibilities of the PP/COO who is ultimately accountable for the Corporation's organizational and operational controls;
 - b. Selection, evaluation and compensation of the Corporation's PP/COO and to oversee PP/COO succession planning;
 - c. Selection of the person who possesses the ability, integrity and expertise essential for the position of PP/COO;
 - d. Provide counsel and oversight on the selection, evaluation, development and compensation of proposed senior management appointments;
 - e. Selection and appointment of qualified and competent management officers; and

- f. Review of the Corporation's human resources policies, conflict of interest situations, compensation programs for employees and management succession plans.

F. Board Meetings and Quorum Requirements

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.

Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings, and to spend the time needed and meet as often as necessary to properly discharge their obligations. Information and data that is important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors prior to the meeting so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the materials. Particularly sensitive subject matters may be discussed at the meeting without advanced distribution of written materials.

The Chairman presiding as chairman of the Board meetings will establish the agenda for each Board meeting and the Secretary will distribute it in advance to the Board. Each Board member is free to suggest the inclusion of items on the agenda. The Board will review the Corporation's long-term strategic plans and the challenges faced by the Corporation in executing on these plans during at least one (1) Board meeting per year.

Except as otherwise provided by law, the proceedings and deliberations of the Board and its committees are confidential. Each Director shall maintain the confidentiality of information received in connection with such Director's service to the Corporation. The Board understands that a failure of any Board member to maintain a high standard of confidentiality may cause substantial harm to the interests of the Corporation and its Shareholders. The breach of confidentiality by a Director shall be reviewed by the Board and, if the breach is determined to have material adverse effect on the Corporation, the Director involved is expected to resign.

A Director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same.

Independent directors should always attend Board meetings. However, to promote transparency, the Corporation may require the presence of at least one (1) independent director in all its meeting.

It is recommended that the Non-Executive Directors should have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any Executive Directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead Independent Director.

G. Remuneration of Directors and Officers

The levels of remuneration of the Corporation are *aligned with the long-term interests of the Corporation and should be* sufficient to be able to attract and retain the services of qualified and competent Directors and officers. The remuneration of Executive Directors is structured based on corporate and individual responsibilities and performance. The form and amount of director compensation will be determined by the Compensation Committee in accordance with the policies, principles and criteria set forth in its charter. The Compensation Committee will conduct an annual review of Directors' compensation.

The Corporation has formal and transparent procedures for the development of policies on executive remuneration or determination of remuneration levels for individual directors and officers. Directors are prohibited from participating in deciding his or her own remuneration.

Key considerations in determining proper compensation include the following: (1) the level of remuneration is commensurate to the responsibilities of the role; (2) no director shall participate in deciding on his remuneration; and (3) remuneration pay-out schedules shall be sensitive to risk outcomes over a multi-year horizon.

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

To protect the funds of the Corporation, the Corporation allows the Commission, in exceptional cases such as when the Corporation is under receivership or rehabilitation, to regulate the payment of the compensation, allowances, fees and fringe benefits to its Directors and Officers.

H. Director Orientation and Continuing Education

The Corporation shall have an orientation program for first time Directors and relevant annual continuing training for all Directors. The orientation program for first-time Directors shall be at least eight hours, while the annual continuing training shall be at least four hours.

All Directors must be properly oriented upon joining the Board and new Directors must participate in the program within six (6) months of election. The orientation program shall cover SEC-mandated topics on corporate governance and will include an introduction to the Corporation's business, Articles of Incorporation, Code of Conduct and presentations that review the Corporation's business strategies, its financial and accounting systems and risk management controls, methods and compliance programs. The orientation will include an introduction to the Corporation's senior management, visits to its corporate headquarters, and a meeting with the Corporation's external auditor. Incumbent Directors are also invited to attend the orientation program. The Corporation encourages all Directors to participate in continuing education for Directors.

The annual ongoing training program, shall also make certain that the Directors are continuously informed on the developments in the business and regulatory environments, including emerging risks relevant to the Corporation. It shall involve courses on corporate governance matters relevant to the Corporation, including audit, internal controls, risk management, sustainability and strategy.

I. Director Access to Officers and Employees

The Board welcomes and requests the attendance of senior officers at each Board meeting, except in closed door sessions where sensitive matters may be discussed. The Board also encourages Management to schedule managers to present at Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, or (b) have future potential that Management believes should be given exposure to the Board.

The Board has access to all officers and employees in order to ensure that Directors can ask all questions and glean all information necessary to fulfill their duties. Any meetings or contacts that a Director desires to initiate shall be arranged through the PP/COO, or in accordance with a communication process adopted by the Board in consultation with the

PP/COO, or through the Chairman with advance notice to the PP/COO. The Directors should use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the Corporation and should copy the PP/COO and the Chairman with any written communications, to the extent not inappropriate.

The Board shall ensure that all information and other requests from Shareholders' representatives are channeled through the PP/COO or the Chairman, who will deal with such request as appropriate. The Board shall ensure that no personnel or consultant of any Shareholder shall be involved in the Corporation's operations unless approved by the PP/COO or the Board, and no services shall be provided by any Shareholder to the Corporation unless approved by the PP/COO or the Board. Services to be provided by, or arrangements to be entered into with, any Shareholder or its affiliates which are considered related party transactions are required to be approved by the Audit and Risk Committee or the Board in advance of the Corporation's payments for such services or arrangements. The Board shall ensure that fees and expenses not previously agreed to by the Corporation shall not be charged by any Shareholder to the Corporation.

J. Procedure for Filling Board Vacancies

On an on-going basis, the Board shall monitor the potential of Board vacancies arising. The Board shall be notified of any possible Board vacancy at the earliest possible time. As soon as the Board is notified of such possible vacancy, the procedure for filling vacancies as set out below shall be followed without delay:

1. When a vacancy occurs on the Board (either as the result of the death, disability, retirement or resignation of an existing Director), or when the Board increases the number of directors, the Nominating and Corporate Governance Committee shall, in consultation with the Chairman of the Board and PP/COO, identify one or more potential candidates to fill the vacancy;
2. Background information on each candidate will be gathered and distributed to the members of the Nominating and Corporate Governance Committee;
3. The Nominating and Corporate Governance Committee will screen recommended candidates; determine each candidate's level of interest, availability, and suitability for service on the Board; and determine whether to recommend one or more candidates to the Board;
4. The candidates' names and biographical information will be distributed to the other Directors at or in advance of the meeting preceding the meeting at which the candidate will be recommended by the Nominating and Corporate Governance Committee to the Board;
5. The Board will act on the recommendations of the Nominating and Corporate Governance Committee, and if the Board approves such recommendations, the Board will determine the priority for extending any invitations to join the Board; and
6. The Chairman of the Board, or his designee, will extend any invitation to join the Board and, upon acceptance, the Board will take the necessary steps to elect the candidate to the Board.

2.2 Board Committees

A Nominating and Corporate Governance Committee, Audit and Risk Committee, Compensation Committee and Supervisory Committee of the Board shall exist at all times. The members of these committees will also meet the other membership criteria specified in the respective charters for these committees. Committee members will be appointed by the Board

upon recommendation by the Nominating and Corporate Governance Committee of the Board, in accordance with the charter and principles of that committee. There will, from time to time, be occasions in which the Board may want to rotate committee members, but the Board does not believe that a formal policy of rotation is mandated.

Each committee shall have its own charter. The charter will set forth the principles, policies, objectives and responsibilities of the committees in addition to the qualifications for committee membership, procedures for committee member nomination and removal, committee organization and functioning and how the committee will communicate with the Board.

The Chairman of each committee will, in consultation with the appropriate committee members and members of management, and in accordance with the committee's charter, determine the frequency and length of committee meetings and develop the committee meeting's agenda.

The Chairman of each committee shall discharge his responsibilities vigorously and take a leadership role in the performance of the duties set out in the committee charter. The Corporation will provide the necessary administrative support to each committee; however, the duties and responsibilities of each committee and its Chairman should be discharged by the committee members and the Chairman personally and should not be delegated to any employee of the Corporation. This is particularly important to demonstrate the expertise, experience and diligence of each committee member.

The schedule for each committee will be furnished to the Board. The Board and each committee shall have the authority to obtain advice, reports or opinions from internal and external counsel and expert advisors and shall have the power to hire independent legal, financial and other advisors as they may deem necessary; in which case, the Board will notify the PP/COO in advance.

The Board may, from time to time, form new committee(s) as it deems appropriate.

The Corporation's Board Committees are as follows:

2.2.1 The Audit and Risk Committee

A. Composition

The Audit and Risk Committee shall be composed of at least three (3) members of the Board, a majority of whom shall be independent, to be appointed by a majority of the Board members. The Chair shall be an independent director. Each member must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance and shall have an adequate understanding of the Corporation's financial management systems and environment. The Chairman of the Audit and Risk Committee should not be the chairman of the Board or of any other committees.

B. Duties, Functions and Responsibilities

As set out in its Charter, the functions of the Audit and Risk Committee include oversight responsibilities over senior Management in establishing and maintaining an adequate, effective and efficient internal control framework, the financial reporting process of the Corporation, including its system of internal control and risk management, internal and independent audit process, and monitoring of the Corporation's compliance with applicable laws, rules, and regulations, as well as any significant related party transactions. The Audit and Risk Committee shall meet with the Board at least every quarter without the presence of the PP/COO or other Management team members, and periodically meet with the Head of Internal Audit.

1. General

The Corporation's Audit and Risk Committee Charter needs to outline the Audit and Risk Committee's key responsibilities which include:

- a. Review quarterly financial statements and underlying support to ensure the quality and integrity of the Corporation's financial statements;
- b. Review and recommend the annual financial statements to the Board for inclusion within the annual report of the Corporation;
- c. Independent auditor appointment, re-appointment and retention, remuneration and terms of engagement;
- d. Oversight of the work of the *Internal and External* auditors;
- e. Review the independence of the external auditor;
- f. Review the internal control and risk management systems;
- g. Oversee the internal audit department including appointment, engagement of independent internal auditors;
- h. Review the work performed by the internal audit function;
- i. Coordinate, monitor and facilitate compliance with laws, rules and regulations relevant to the financial statements; and
- j. Perform the functions of the Audit and Risk Committee and the Related Party Transactions Committee as required by SEC Memorandum Circular No. 19, Series of 2016, and as provided under Section 2 (d) and (e) below.

2. Specific

a. External Audit

- i. Responsible for the appointment, re-appointment and retention, the remuneration and terms of engagement and the oversight of the work of the external auditor;
- ii. Develop and implement policies on the engagement of the external auditor to supply non-audit services;
- iii. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the efforts to secure proper coverage and minimize duplication of efforts;
- iv. Evaluate and determine the non-audit work, if any, of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to the total fees paid to same and to the Corporation's overall consultancy expenses. The Committee should disallow any non-audit work of the external auditor that will conflict with their duties as an external auditor or may pose a threat to independence². The non-audit work, if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report,

² As defined under the Code of Ethics for Professional Accountants

- iv. At least annually, review and monitor the quality control procedures, the independent auditor's independence, the objectivity and the effectiveness of the audit process in accordance with applicable standards and the experience and qualifications of the independent auditor's senior personnel that are providing audit services to the Corporation;
 - v. Recommend to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provide objective assurance on the manner by which the financial statements should be prepared and presented to the Stockholders;
 - vi. Annually obtain from the external auditor written assurance that the audit was conducted in a manner consistent with the Philippine Standard on Auditing and Philippine Financial Reporting Standards (which should be of equivalent with international standards on Auditing and International Financial Reporting Standards); and
 - vii. Review the disposition of the recommendations in the external auditor's management letter.
- b. Internal Audit
- i. Review the appointment and termination of senior internal audit personnel, and all significant reports to Management and findings of major investigations of internal control matters prepared by internal audit personnel, and Management's responses;
 - ii. Undertake a performance evaluation of Internal Audit annually, in such manner as the Committee deems appropriate, and report the results of its performance evaluation to the Audit and Risk Committee;
 - iii. Through the Internal Audit ("IA") Department, monitor and evaluate the adequacy and effectiveness of the Corporation's internal control systems, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the Corporation's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations;
 - iv. Oversee the IA Department, and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit and Risk Committee should also approve the terms and conditions for outsourcing internal audit services;
 - v. Establish and identify the reporting lines in the IA to enable proper fulfillment of duties and responsibilities. For this purpose, the IA should directly report to the Audit and Risk Committee;
 - vi. Review and monitor Management's responsiveness to the IA's findings and recommendations;
 - vii. Approve and oversee the implementation of the Internal Audit Charter;

- viii. Annually review and reassess the adequacy of the Internal Audit Charter and recommend to the Board for approval such changes as the Committee believes are appropriate. The Committee shall also ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Corporation, and to review and monitor the effectiveness of the internal audit function;
 - ix. Approve the annual internal audit plans; and
 - x. Meet periodically with the Corporation's IA to discuss the responsibilities, budget and staffing of the Corporation's internal audit function and any issues that the IA believes warrant the Audit and Risk Committee's attention.
- c. Financial Reporting/Internal Controls
- i. Review and approve the Corporation's Interim and Annual Financial Statements (before their submission to the Board), financial and accounting policies and practices and any changes thereto;
 - ii. Meet with the Corporation's external auditor at least twice a year and discuss with the external auditor the nature and scope of the audit;
 - iii. Review and discuss with Management and the external auditor any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities of which the Audit and Risk Committee is made aware that do not appear on the financial statements of the Corporation and that may have a material current or future effect on the Corporation's financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses;
 - iv. Monitor the integrity of financial statements of the Corporation and the Corporation's annual reports and accounts and quarterly reports, review and discuss the annual audited financial statements and reports and quarterly reports, and significant financial reporting judgments contained therein with Management; and
 - v. Review, and discuss as appropriate with Management, the Internal Auditor and the independent auditor, the report of the external auditor.
- d. Risk Management
- i. Oversee the development a formal enterprise risk management plan which shall contain the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
 - ii. Oversee the implementation of the enterprise risk management plan through the Chief Risk Officer or the Audit and Risk Committee. The Audit and Risk Committee shall conduct regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;

- iii. The Audit and Risk Committee shall evaluate and assess the risk management plan, policies and procedures to ensure its continued relevance, comprehensiveness and effectiveness, as well as to identify, accept, mitigate, allocate or otherwise manage various types of risk and recommend to the Board such policies and procedures for approval. The Committee shall obtain at least annually from the Chief Risk Officer, an evaluation of such policies and procedures in light of developments in the Corporation's business and provide its recommendations to the Board for approval of any changes proposed; and
 - iv. Advise the Board on its risk appetite levels and risk tolerance limits and review, at least annually, the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment and, when major events occur, that are considered to have major impacts on the Corporation;
 - v. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its Stakeholders;
 - vi. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management;
 - vii. Report to the Board on a regular basis or, as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommendations for further action or plans, as necessary; and
 - viii. In terms of overseeing risk management, the Audit and Risk Committee shall receive periodic risk assessment and mitigation reports and review and discuss with Management the Corporation's risk tolerance, the conduct of the risk assessments, the risk profile and Management's response and preparedness to deal with risk exposures.
- e. Related Parties
- i. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
 - ii. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., prices, commissions, interest rates, fees, tenor, collateral requirement, etc.) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
 - iii. Ensure that appropriate disclosures are made, and/or information provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest;

- iv. Report to the Board, on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- v. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- vi. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures;

2.2.2. Nominating and Corporate Governance Committee

A. Composition

The Nominating and Corporate Governance Committee consists of at least three (3) voting members, one (1) of whom shall be independent director, including the Chairman. Actions by the Committee shall be approved by a majority of the members thereof;

B. Duties, Functions and Responsibilities

As set out in its Charter, the functions of the Committee include the review of the qualifications of the nominees for Directors and preparation of a final list of candidates to become members of the Board and its committees, including the qualifications of Independent Directors.

The Committee also performs oversight of the Corporation's compliance with legal and regulatory requirements, proper observance of corporate governance principles and practices and develops and recommends to the Board corporate governance principles applicable to the Corporation.

The Committee's Charter includes the following key responsibilities:

- a. Determine the nomination and election process for the Corporation's Directors, including identification of candidates to become members of the Board and its committees, and has the special duty of defining the general profile of Board members that the Corporation may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- b. Develop corporate governance principles, oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of any material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments; and
- c. Disclose any material information brought to its attention by the Disclosure Committee.

As set out in the Committee's Charter, the Committee has delegated authority to:

- a. Review the composition of the Board and its committees at least annually, oversee the periodic performance evaluation of the Board and its committees as well as Executive Management, and conducts an annual self-evaluation of its performance;
- b. Report to the Board any issues that may arise with respect to the Corporation's compliance with legal or regulatory requirements;

- c. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d. Review and reassess the adequacy of the Corporation's corporate governance principles;
- e. Review material information and or on the integrity of financial statements brought to its attention;
- d. Propose and plan relevant training for the members of the Board, review and monitor the training and continuous professional development of Directors and senior Management;
- e. Recommend continuing education/training programs for Directors, assignment of tasks/projects to Board Committees, succession plan for the Board members; and
- f. Develop, review and monitor the code of conduct and compliance manual applicable to employees and directors.

2.2.3 Compensation Committee

A. Composition

The Compensation Committee is composed of three (3) members of the Board. The Committee ensures that the compensation of Directors and officers are consistent with the Corporation's culture, strategy and the business environment in which it operates.

B. Duties, Functions and Responsibilities

The Committee's Charter includes the following key responsibilities:

- a. Design (in consultation with Management), recommend to the Board for approval, and evaluate the compensation plans, policies and programs of the Corporation; and
- b. Recommend compensation programs that are designed to encourage high performance, promote accountability and assure that the interests of employees and Management are aligned with the business strategies of the Corporation and the interests of the Corporation's Shareholders.

As set out in the Committee's Charter, the Committee has delegated authority to:

- a. Establish the Corporation's general compensation policies;
- b. Oversee the development and implementation of compensation programs;
- c. Review, at least annually the Corporation's compensation schemes, incentive compensation plans and equity-based plans and oversee the administration of these plans;
- d. Review and approve compensation arrangements for the Directors, the PP/COO, Executive Directors and senior Management;
- e. Review and approve Management's remuneration proposals;
- f. Review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct; and

- g. Oversee the Corporation's regulatory compliance with respect to compensation matters.

2.2.4. Supervisory Committee

A. Composition

The Supervisory Committee is composed of four (4) members of the Board, at least one of whom shall be an Independent Director.

B. Duties, Functions and Responsibilities

As provided in the By-Laws of the Corporation, the Committee shall exercise the powers of the Board in the management of the business and affairs of the Corporation except those powers specifically limited by law or by the Board.

2.3. The Chairman, Property President/Chief Operating Officer and Executive Directors

The Board shall be headed by a competent and qualified Chairperson and shall elect its Chairman, who will preside over Board meetings as chairman of the meetings. The Chairman shall be a member of the Board and may or may not be an employee of the Corporation.

The roles of the Chairman and PP/COO are separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions is made between the Chairman and the PP/COO upon their elections.

The duties and responsibilities of the Chairman in relation to the Board include, among others, the following:

- a. Preside over the meetings of the Board and the Stockholders and ensures that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;
- b. Lead and oversee the Board;
- c. Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns and contentious issues that will significantly affect operations;
- d. Guarantee that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;
- e. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;
- f. Facilitate an open flow of information between Management and the Board members and lead a critical evaluation of the Corporation's Management, practices and adherence to the Corporation's strategic plan and objectives;
- g. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the PP/COO, Management and the Directors, and

- h. Maintain qualitative and timely lines of communication and information between the Board and Management.
- i. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- j. Assure the availability of proper orientation for first-time Directors and continuing training opportunities for all Directors; and
- k. Make sure that the performance of the Board is evaluated at least once a year and discussed/followed up on.

The Board has entrusted the operation of the Corporation's business to its PP/COO and his executive Management team, and they shall have full executive powers to operate within their delegated authorities, which include the day-to-day operation of the Corporation's business, strategic planning, budgeting, financial reporting and risk management. The PP/COO shall be accountable to the Board. The Board will continue to review, approve and monitor fundamental financial and business strategies and major corporate actions, and the affairs of the Corporation.

2.4. Corporate Secretary

The Board shall be assisted in its duties and responsibilities by a Corporate Secretary. The Corporate Secretary shall not be a member of the Board and shall annually attend training on corporate governance.

The Corporate Secretary is an officer of the Corporation. As such, the Corporate Secretary owes loyalty to the Corporation and the Board. This notwithstanding, the Corporate Secretary shall not promote the interests of the Corporation and of the Board to the detriment of its Shareholders, including its minority Shareholders.

A. Qualifications of the Corporate Secretary

The Corporate Secretary must possess the following qualifications:

- a. A Filipino citizen;
- b. Resident of the Philippines;
- c. With adequate administrative and interpersonal skills; and
- d. If not the general counsel, must be trained in law and preferably, a lawyer, or at least have some legal, financial and/or accounting skills.

B. Duties and Responsibilities of the Corporate Secretary

The Corporate Secretary is primarily responsible to the Corporation and its Shareholders, and not to the Chairman or President of the Corporation and has, among others, the following duties and responsibilities:

- a. Assist the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual Board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
- b. Safe keep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;

- c. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advise the Board and the Chairman on all relevant issues as they arise;
- d. Work fairly and objectively with the Board, Management and Stockholders and contributes to the flow of information between the Board and Management, the Board and its committees, and the Board and its Stakeholders, including Shareholders;
- e. Advise on the establishment of Board committees and their terms of reference;
- f. Inform members of the Board, in accordance with the By-Laws, of the agenda for their meetings at least five (5) working days in advance, 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;
- g. Attend all Board meetings, except when justifiable causes such as illness, death in the immediate family and serious accidents, prevent him or her from doing so;
- h. Perform required administrative functions;
- i. Oversee the drafting of the By-laws and ensure they conform with regulatory requirements; and
- j. Perform such other duties and responsibilities as may be required by the SEC.

2.5. Compliance Officer

The Board shall ensure that it is assisted in its duties by a Compliance Officer, who shall have adequate stature and authority in the Corporation. The Compliance Officer shall not be a member of the Board and should annually attend training on corporate governance.

The Compliance Officer is appointed by the Board and reports directly to the Chairman.

The Compliance Officer is a member of the Corporation's Management team in charge of the compliance function. Similar to the Corporate Secretary, he or she is primarily liable to the Corporation and its Shareholders, and not to the Chairman or President of the Corporation. He or she, among others, shall perform the following duties and responsibilities:

- a. Ensure proper onboarding of new Directors (i.e., orientation on the Corporation's business, charter, Articles of Incorporation and By-laws, among others);
- b. Monitor, review, evaluate and ensure the compliance by the Corporation, its Officers and Directors with the relevant laws, the Code, rules and regulations and all governance issuances of regulatory agencies;
- c. Report the matters to the Board if violations are found and recommend the imposition of appropriate disciplinary actions;
- d. Ensure the integrity and accuracy of all documentary submissions to regulators;
- e. Appear before the Commission when summoned in relation to compliance with the Code;
- f. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;

- g. Identify possible areas of compliance issues and work towards the resolution of same;
- h. Ensure the attendance of Board members and key officers to relevant training programs; and
- i. Perform such other duties and responsibilities as may be required by the SEC.

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

III.

ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, Management provides the Board with complete, adequate and timely information about the matters to be covered in their meetings.

Reliance on information volunteered by Management may not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable said Board member to properly perform the Board's duties and responsibilities. Thus, the Board is given independent access to Management and the Corporate Secretary.

Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents. Members of the Board have access to independent professional advice at the corporation's expense.

IV.

ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the Stockholders. It should provide the Stockholders with balanced and comprehensive assessments of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect the business, as well as members of the Board with accurate and timely information that enables them to comply with its responsibilities to Stockholders.

Management formulates the rules and procedures on financial reporting and internal control and the following guidelines are observed:

- (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 to ensure that 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 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;

- (iv) The Corporation should consistently comply with the financial reporting requirements of the Commission;
- (v) The external auditor should be rotated or changed every five (5) years or earlier or the signing partners of the external auditing firm assigned to the Corporation should be changed with the same frequency. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management; and
- (vi) Establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

V.

PROTECTION OF SHAREHOLDERS AND OTHER STAKEHOLDERS

5.1 Protection of Shareholders

The Corporation recognizes that the protection of its Shareholders should receive primary attention by the Board, Management and staff of the Corporation. Therefore, the following provisions, in accordance with B. P. Blg. 68, otherwise known as the Corporation Code of the Philippines and Philippine jurisprudence, are issued for the guidance of all parties concerned, as a governance covenant between the Corporation and all its shareholders.

The Board shall respect the rights of the Shareholders as provided for in the Corporation Code, namely:

- A. Right to vote on all matters that requires their consent or approval.
 - a. Shareholders shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code;
 - b. Cumulative voting shall be used in the election of directors; and
 - c. A director shall not be removed without cause if it will deny minority shareholders representation on the Board.
- B. Right to inspect corporate books and records

Shareholders shall be allowed to inspect corporate books and records including minutes of the Board of meetings and stock registries for a legitimate purpose within reasonable business hours and in accordance with the Corporation Code. Shareholders who wish to inspect the corporate books and records shall submit written notice stating the purpose for which inspection is requested. The Board of Directors shall have the right to accept or deny such request for inspection. Shareholders shall assume all costs, expenses and charges in connection with the exercise of such right of inspection. They shall also be furnished with annual reports, including financial statements, without cost or restrictions.

C. Right to information

Shareholders shall be entitled, upon request, to receive copies of all reports submitted or required to be submitted to the SEC and the PSE, and such other information they may reasonably request for a legitimate purpose in connection with their shareholdings or the operations and financial results of the Corporation.

Minority Shareholders shall be afforded the same rights as all Shareholders, including 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 and are in accordance with the Corporation's By-Laws.

D. Right to dividends

Shareholders shall have the right to receive dividends subject to the discretion of the Board and compliance with requirements under the Corporation Code.

The Corporation shall declare dividends when its retained earnings are in excess of 100% of its paid-in-capital stock, except: (a) when it is justified by definite corporate expansion projects or programs approved by the Board; or (b) when the Corporation is prohibited under any loan agreements with any financial institutions or creditors, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (c) when it can, be reasonably shown that such retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies.

E. Appraisal rights

Shareholders of the Corporation 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 of any amendment to the Articles of Incorporation, which has the effect of changing or restricting the rights of Shareholders or any 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 terms of the Corporation's corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Corporation's assets as provided under the Corporation Code; and
- c. In case of merger or consolidation of the Corporation with another corporation.

F. Director's Duties in Protection of Shareholder Rights

The Board should be transparent and fair in the conduct of the annual and special shareholders meetings of the Corporation. It shall be the duty of the Directors to ensure that basic Shareholder rights are disclosed in this Manual and on the website of the Corporation to promote Shareholder rights, remove impediments to the exercise of such rights and allow opportunity for them to seek redress for violation of their rights in accordance with law. They shall encourage the reasonable exercise of Shareholders'

voting rights and the solution of collective action problems through appropriate mechanisms. They shall employ all reasonable possible means to minimize and other administrative or practical impediments to Shareholders participating in meetings and/or voting in person. The Directors shall also pave the way for the electronic filing and distribution of Shareholder information necessary to make informed decisions, subject to legal constraints.

In addition, the Minutes of the Annual and Special Stockholders' Meeting should be available on the corporate website within five (5) business days from the end of the meeting.

It should also establish an Investor Relations Office (IRO) to ensure constant engagement with its Shareholders. The IRO should be present at every shareholders' meeting.

Although all Shareholders should be treated equally or without discrimination, the Board should give minority Shareholders 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.

5.2 *Respecting the Rights of Stakeholders*

The Board should identify the Corporation's various Stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.

The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of Stakeholders and adopt a transparent framework and process that allow Stakeholders to communicate with the Corporation and to obtain redress for the violation of their rights.

5.3 *Employees' Participation*

The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and its governance.

The Board should set the tone and make a stand against corrupt practices by adopting anti-corruption policies and programs in its Code of Conduct. Further, the Board should disseminate the policies and programs to employees across the organization through training to embed them in the Corporation's culture.

The Board should establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

5.4 *Social Responsibility*

The Corporation should recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationships that allow the Corporation to grow its business, while contributing to the advancement of the society where it operates.

VI.

GOVERNANCE SELF-RATING SYSTEM

The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and Committees.

The Board shall create an internal self-rating system that can measure the performance of the Board and Management in accordance with criteria provided for in the Code.

The creation and implementation of such self-rating system, including its salient features are disclosed in the Corporation's annual corporate governance report.

VII.

DISCLOSURE AND TRANSPARENCY

The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to Shareholders and other Stakeholders that give a fair and complete picture of the Corporation's financial condition, results and business operations.

The Corporation should include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its Shareholders and other investors.

All material information or those required to be disclosed under existing regulations of the SEC and PSE, and those which could potentially affect the Corporation's share price, or which could adversely affect its viability or the interests of its Shareholders and other Stakeholders, shall be publicly disclosed fully, fairly, timely and accurately. Such information shall include, amongst others, achievements, plans, challenges, earnings results, acquisition or disposal of all or substantially all of the assets of the Corporation, changes in the composition of the Board or of senior Management, related party transactions, and changes of control.

Reports and disclosures required under this Manual and under regulations of the SEC and PSE shall be prepared and submitted to the SEC and PSE by the Corporation's Compliance Officer.

The Board should have a clear and focused policy on the disclosure of non-financial information.

The Board should fully disclose all relevant and material information on individual Board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

The Corporation should have a policy requiring all Directors and officers to disclose/report to the Corporation any dealings in the Corporation's shares within three (3) business days.

The Corporation should make full, accurate and timely disclosures to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interests of its Shareholders and other Stakeholders.

All disclosures of material information, as well as regular and periodic reports required of the Corporation, shall be submitted and filed in such form and in accordance with the manner and procedure set out in regulations of the PSE and SEC.

The Corporation is prohibited from communicating material non-public information about the Corporation to any person, unless it 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 Corporation such as but not limited to its auditors, legal counsel, investment bankers, financial advisers; 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 Corporation 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 requirements of Section 4.2 of the Revised Disclosure Rules entitled "Selective Disclosure of Material Information".

The Board shall 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 submissions to the Commission for the interests of its Shareholders and other Stakeholders.

The Corporation's corporate governance policies, programs and procedures should be posted on the Corporation's website.

VIII.

INSPECTION AND DISSEMINATION OF INFORMATION

7.1 Inspection by Shareholders

This Manual shall be available for inspection by any Shareholder of the Corporation at reasonable hours on business days.

7.2 Dissemination of Information

- a. All division and department heads are tasked with the responsibility of ensuring thorough dissemination of this Manual to all employees, and to enjoin compliance in the process.
- b. An adequate number of printed copies of this Manual shall be reproduced under the supervision of the Compliance Officer, with a minimum of at least one (1) hard copy of the Manual per department.
- c. If necessary, the President of the Corporation shall cause the conduct of orientation programs or workshops within the Corporation for the purpose of disseminating the contents of this Manual and providing opportunities for familiarization by Management and other officers of the Corporation of the contents thereof. Such workshops shall also be used for the purpose of reviewing existing employee manuals to determine compliance with this Manual. If inconsistent with this Manual, all such existing employee manuals shall be amended to comply with the terms herein set out.

IX.

APPROVAL AND EFFECTIVITY

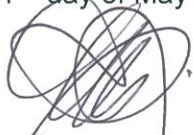
This Revised Manual on Corporate Governance was approved this 31st day of May 2017 and shall take effect on the date of such approval.

X.

REVIEW AND AMENDMENTS

This Manual shall be subject to annual review by the Board of Directors. All amendments, to be effective, shall be approved by majority vote of the Board.

Signed this 31st day of May 2017.



CLARENCE YUK MAN CHUNG
Chairman of the Board



MARISSA T. ACADEMIA
Corporate Secretary