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SEC Registration Number

ACESITE (PHILS.) HOTEL CORPORATION

(Company's Full Name)

7TH FLOOR MANILA PAVILION HOTEL,
U.N. AVENUE CORNER M. OROSA STREET
ERMITA, MANILA

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

ARTHUR R. PONSARAN
(Contact Person)

526-1212, extension 2403
(Company Telephone Number)

MANUAL ON CORPORATE GOVERNANCE

12 31
Month *Day*
(Fiscal Year)

(Form Type)

09 19
Month *Day*
(Annual Meeting)

Not Applicable
Secondary License Type, If Applicable

Dept. Requiring this Doc

Amended Articles Number/Section

197
Total No. of Stockholders

Total Amount of Borrowings

-	-
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

MANUAL ON CORPORATE GOVERNANCE

OF

ACESITE (PHILS.) HOTEL CORPORATION

The Board of Directors, the Executive Committee (EXCOM), the Officers and staff of Acesite (Phils.) Hotel Corporation (the "Corporation") hereby commits themselves to the principles contained in this Manual, and acknowledges that the same shall guide the attainment of their corporate goals, the management, the stakeholders and its Nation. This revised Manual is adopted pursuant to Securities and Exchange Commission (SEC) Memorandum Circular 19, Series of 2016 (Code of Corporate Governance for Publicly Listed Companies, hereinafter "the Code"). It supersedes the Company's Manual of Corporate Governance adopted pursuant to Memorandum Circular No. 6, Series of 2009 (revised Code of Corporate Governance) issued on July 15, 2009.

DECLARATION OF CORPORATE PRINCIPLES

The Company adheres to the principles of fairness, accountability, integrity, transparency and honesty to develop and uphold an ethical culture that will protect and promote the best interest of the Company for the common benefit of the Company's stockholders and other stockholders. The Company likewise adheres to laws enfranchising its corporate existence and utility operations. As the Company progresses, this Manual shall be kept under constant review and revision to meet the emerging standards of good corporate governance.

Definition of Terms

a) **Corporate Governance** - the framework of rules and processes in the Corporation that governs the performance by the Board Of Director and Management of their respective duties and responsibilities to the stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates;

b) **Board of Directors** – the government body elected by the stockholders that exercises the corporate powers of the Corporation, conducts all its business and controls its properties;

c) **Exchange** – an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;

d) **Management** – the body 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 director who, apart from his fees and shareholdings, independent of management and free from any business or other relationship which could, or 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 is also the head of a department or unit of the Corporation or performs any work related to its operation;

g) **Non-executive director** – a director who is not the head of a department or unit of the Corporation nor performs any work related to its operation;

h) **Non-audit work** – the other services offered by an external auditor to the Corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, 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;

i) **Internal control** – the system established by the Board of Directors and Management for the accomplishment of the Corporation's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;

j) **Internal control system** – the framework under which internal controls are developed and implemented (alone or in a concert 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;

k) **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;

l) **Internal audit department** – a department or unit of the Corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to improve the Corporation's operations;

m) **Internal auditor** – the highest position in the Corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow up of engagement results.

n) **Commission** - Securities and Exchange Commission of the Philippines.

Rules of Interpretation

A) All references to the masculine gender salient provisions of this Manual shall likewise cover the feminine gender.

B) All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the Corporation.

BOARD'S GOVERNANCE AND RESPONSIBILITIES

The Board of Directors (the "Board") is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

1. ESTABLISHING A COMPETENT BOARD

Qualifications of Competent Directors

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

(i) College education or equivalent academic degree;
(ii) Practical understanding of the business of the corporation;
(iii) Membership in good standing in relevant industry, business or professional organizations; and
(iv) Previous business experience.

Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders. The Board shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2). The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision making process. The non-executive directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve shall not be compromised.

The Chair and Chief Executive Officer

The roles of Chair and CEO shall, as much as practicable, be 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 shall be made between the Chair and CEO upon their election.

If the positions of Chair and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

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

(i) Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;
(ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
(iii) Maintain qualitative and timely lines of communication and information between the Board and Management.

Disqualification of Directors

1. <u>**Permanent Disqualification**</u>

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

(i) Any person convicted 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; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi- bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

(iv) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;

(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;

(vi) Any person judicially declared as insolvent;

(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts violations or misconduct enumerated in sub-paragraphs (i) to (v) above;

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

2. <u>Temporary Disqualification</u>

A Director may be temporarily disqualified for any of the following reasons:

(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations code and its Implementing Rules and Regulations. The disqualification shall be in effects as long as the refusal persists.

(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

(iii) Dismissal or termination for cause as director of any corporation covered by the Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

(iv) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

(v) If any of the judgments or orders citied in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He should -

(i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;

(ii) Be loyal to the mission, vision and objectives of the Corporation;

(iii) Work fairly and objectively with the Board, Management and stockholders and other stakeholders;

(iv) Have appropriate administrative and interpersonal skills;

(v) If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;

(vi) Have a working knowledge of the operations of the Corporation;

(vii) Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

(viii) Attend all Board meetings, except when justifiable causes such as, illness, death in the immediate family and serious accidents, prevent him from doing so;

(ix) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and

(x) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual.

The Compliance Officer

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

(i) Monitor compliance by the Corporation with this Manual and the rules and regulations of regulatory agencies and if any violations are found, report the matter to the Board and the recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

(ii) Appear before the Commission when summoned in relation to compliance with the Code; and

(iii) Issue a certification, countersigned by the President, every January 30th of the year on the extent of the Corporation's compliance with the Code of Corporate Governance for the completed year and, if there are any deviations, explain the reason for such deviation.

2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITES OF THE BOARD

Responsibilities, Duties and Functions of the Board

1. **General Responsibility**

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

The Board shall formulate the Corporation's vision, mission, strategic objectives, and policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

2. **Duties and Functions**

To ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders, the

Board shall conduct itself with honesty and integrity in the performance of, among others the following duties and functions:

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, and adopt an effective succession planning program for Management.

b) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures, establish programs that can sustain its long-term viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.

c) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.

d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation. If feasible, the Corporations' CEO of chief financial officer shall exercise oversight responsibility over this program.

e) Identify the corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.

f) Adopt a system of check and balance within the Board; conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times; and continuously review the Corporation's internal control system in order to maintain its adequacy and effectiveness.

g) Identity key risk areas and performance indicators and monitor these factors with the diligence to enable the Corporation to anticipate and prepare to possible threats to its operational and financial viability.

h) Formulate and implement policies and procedure that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company , joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

i) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

j) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and third parties, including the regulatory authorities.

k) Meet at such times or frequency as may be needed; record the minutes of such meetings; encourage and give due consideration to independent views during board meetings.

l) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.

m) Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

Specific Duties and Responsibilities of a Director

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

A director shall observe the following norms of conduct:

(i) Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

(ii) Devote the time and attention necessary to property and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend actively participate in the Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

(iii) Act judiciously.

Before deciding in any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request classification.

(iv) Exercise independent judgment.

A director should view each problem or situation objectivity, is a disagreement with other directors arises he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. He should support plans and ideas that he thinks beneficial to the Corporation.

(v) Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

(vi) **Observe confidentiality.**

A director should keep secure and confidential all no-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

Internal Control Responsibility of the Board

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is property and effectively managed and supervised; (b) a 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 audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information system, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules regulations and contracts.

(i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:

a) Definition of the duties responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;

b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;

c) Evaluation of proposed senior management appointments;

d) Selection and appointment of qualified and competent management officers; a

e) Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

(ii) The scope and particulars of the systems of the effective organizational and operational controls may consider the following factors; nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness information technology; and extent of regulatory compliance.

(iii) The Corporation may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

Board Meetings and Quorum Requirement

The members of the Board shall attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

To monitor the directors' compliance with the attendance requirements, the Corporation shall submit to the Commission, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings, countersigned by the Chair. The certification may be submitted through SEC Form 17- C or in separate filing.

Remuneration of Directors and Officers

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain and services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

The Corporation may establish formal and transparent procedures for the development of a policy on executive remuneration or determination remuneration levels for individual directors and officers depending on the particular needs of the Corporation. No director shall participate in deciding his remuneration.

The Corporation's annual reports and information and proxy statements shall 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 (4) management officers during the preceding fiscal year.

To protect the funds of the Corporation, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

3. ESTABLISHING BOARD COMMITTEES

Board Committees

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

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

a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk and risk management activities.

c) Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

d) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;

e) Prior to the commencement of the audit , discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;

g) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;

h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting polices and practices
- Major judgment areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with tax, legal and regulatory requirements.

j) Coordinate monitor and facilitate compliance with laws and rules and regulations;

k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as external auditor or will pose as a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;

l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

The Audit Committee shall ensure that; in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

(ii) The Board may also organize the following committees:

a) A Nomination Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;

b) A Compensation or Remuneration Committee which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent and the business environment in which it operates.

Adequate and Timely Information

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

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

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents. The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Corporation's expense.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

4. FOSTERING COMMITMENT

Commitment to Good Corporate Governance

The Corporations shall establish and implement their corporate governance rules in accordance with the Code of Corporate Governance. The rules shall be embodied in a manual that can be used as reference by the members of the Board and Management. The manual should be submitted to the Commission for its evaluation to enable the Commission to determine its compliance with the Code of Corporate Governance taking into consideration the nature, size and scope of the business of the Corporation.

The directors should attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

The non-executive directors of the Board should concurrently serve as directors to a maximum of five publicly listed companies 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 company.

5. REINFORCING BOARD INDEPENDENCE

The Board should have at least three independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.

The Board should ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent 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 the annual shareholders' meeting.

An **Independent Director** refers to a person who, ideally:

a. Is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company;

b. Is not, and has not been in the three years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;

c. Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;

d. Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;

e. Is not a relative of a director, officer, or substantial shareholder of the covered company 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;

f. Is not acting as a nominee or representative of any director of the covered company or any of its related companies;

g. 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 or dealer;

h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company 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; 25

j. Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and

k. Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

6. ASSESSING BOARD PERFORMANCE

Governance Self-Rating System

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

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

7. STRENGTHENING BOARD ETHICS

A Code of Business Conduct and Ethics formalizing ethical values is an important tool to instill an ethical corporate culture that pervades throughout the company. The main responsibility to create and design a Code of Conduct suitable to the needs of the company and the culture by which it operates lies with the Board. To ensure proper compliance with the Code, appropriate orientation and training of the Board, senior management and employees on the same are necessary.

DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The more transparent the internal workings of the Corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the Corporation or misappropriate its assets.

All material information about the Corporation which could adversely affect its viability or the interests of the stockholders and other stakeholders shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

Transparency is one of the core principles of corporate governance. To ensure the better protection of shareholders and other stakeholders' rights, full disclosure of the company's corporate governance policies, programs and procedures is imperative. This is better done if the said policies, programs and procedures are contained in one reference document, which is the Manual on Corporate Governance. The submission of the Manual to regulators and posting it in companies' websites ensure easier access by any interested party

The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.

The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days

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 company should provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Also, companies should disclose the remuneration on an individual basis, including termination and retirement provisions

The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.

9. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

The company should 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.

The appointment, reappointment and removal of the external auditor by the Board's approval, through the Audit Committee's recommendation, and shareholders' ratification at shareholders' meetings are actions regarded as good practices. Shareholders' ratification clarifies or emphasizes that the external auditor is accountable to the shareholders or to the company as a whole, rather than to the management whom he may interact with in the conduct of his audit.

The Audit Committee, in the performance of its duty, oversees the overall relationship with the external auditor. It evaluates and determines the nature of non-audit services, if any, of the external auditor. Further, the Committee periodically reviews the proportion of non-audit fees paid to the external auditor in relation to the corporation's overall consultancy expenses. Allowing the same auditor to perform non-audit services for the company may create a potential conflict of interest. In order to mitigate the risk of possible conflict between the auditor and the company, the Audit Committee puts in place robust policies and procedures designed to promote auditor independence in the long run. In formulating these policies and procedures, the Committee is guided by nationally and internationally recognized best practices and regulatory requirements or issuances.

10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. Companies should adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The company 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

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

12. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE
RISK MANAGEMENT FRAMEWORK

Accountability and Audit

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

Management shall provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

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

(i) The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;

(ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders;

(iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;

(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 partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposure; control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

B) The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

13. PROMOTING SHAREHOLDER RIGHTS

Stockholders' Rights and Protection of Minority Stockholders' Interests

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

   (i) Right to vote on all matters that require their consent or approval;

   (ii) Pre-emptive right to all stock issuances of the Corporation;

   (iii) Right to inspect corporate books and records;

   (iv) Right to information;

   (v) Right to dividends; and

   (vi) Appraisal right.

B) The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

DUTIES TO STAKEHOLDERS

14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS

The Board should identify the company's various stakeholders and promote cooperation between them and the company 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.

The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights. Stakeholder engagement touch points in the company, such as the Investor Relations Office, Office of the Corporate Secretary, Customer Relations Office, and Corporate Communications Group shall be enforced.

15. ENCOURAGING EMPLOYEES' PARTICIPATION

The Board shall adopt an anti-corruption policy (encompassing corrupt practices such as, but not limited to, bribery, fraud, extortion, collusion, conflict of interest and money laundering) and program in its Code of Conduct. This shall be disseminated to employees across the organization.

The Board should establish a suitable framework for whistle blowing 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 whistle blowing concerns. The Board shall conscientiously supervise and ensure enforcement of the framework.

16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The corporation's value chain shall consists of input to the production process, the production process itself and the resulting output. Sustainable development must mean that the company not only complies with existing regulations, but also voluntarily employs value chain processes that take into consideration economic, environmental, social and governance issues and concerns. In considering sustainability concerns, the company plays an indispensable role alongside the government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

PENALTIES FOR NON-COMPLIANCE

The Compliance Office shall be specifically tasked with the responsibility of ensuring compliance with the Manual on Corporate Governance.

Adopted on this 23rd day of May 2017 at Manila, Philippines.

EFFECTIVITY

The Manual on Corporate Governance in compliance with the approved Code of Corporate Governance for Publicly-Listed Companies was approved on May 23, 2017 by the Board of Directors. It superseded the previous Revised Manual on Corporate Governance that was approved and adopted by the Company on July 31, 2014.

Signed:

ARTHUR M. LOPEZ	**ATTY. ARSENIO ALFILER, JR.**
Chairman of the Board	**Compliance Officer**