

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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Atty. Anna Teresa M. Gozon-Abrogar 816-3716 to 19
Contact Person

AMENDMENT TO THE REVISED MANUAL ON CORPORATE GOVERNANCE

Month Day Fiscal Year FORM TYPE Month Day Annual Meetings

Secondary License Type, If Applicable

Dept. Requiring this Doc. Amended Articles Number/Section

Total No. of Stockholders Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number LCU

Document I.D. Cashier

STAMPS



22 May 2017

SECURITIES AND EXCHANGE COMMISSION
PICC Complex, Roxas Boulevard
Pasay City

*Attention: Dir. Justina F. Callangan
Office of the Director
Corporate Governance and Finance Dept.*

Re: SEC Memorandum Circular No. 19, Series of 2016

Gentlemen:

On the matter of compliance with SEC Memorandum Circular No. 19, Series of 2016 on the subject "the Code of Corporate Governance for Publicly-Listed Companies" ("CG Code for PLCs"), GMA Holdings, Inc. (the "Corporation or GHI") hereby submits the following explanation, consistent with the 'comply or explain' approach in Item 2 of the Introduction of the CG Code for PLCs:

1. As a background, GHI was incorporated as a holding company on February 15, 2006. As a holding company, GHI does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.

2. Although the holders of PDRs enjoy economic rights, they do not have any voting rights in respect of the underlying common shares. Such voting rights are, until exercise of the PDR, retained and exercised by GHI.

GMA HOLDINGS, INC.

Unit 5-D Tower One, One McKinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City 1634 Philippines
MAILING ADDRESS: GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City 1103 Philippines

Tel. (632) 928-7777 Inc. 8001 Fax (632) 928-5133

3. GHI has undertaken to perform the obligations under the PDRs and the acquisition and holding of the Common Shares underlying the PDRs, which include maintaining the listing with the PSE, and maintaining its status as a Philippine Person for as long as Philippine law prohibits ownership of Common Shares by non-Philippine persons.

4. Given its sole purpose of holding the GMA common shares underlying the PDRs, GHI has no fulltime employees and does not own any real property. Moreover, the current Board of Directors of GHI including its independent directors, are also members of GMA's Board of Directors. Most importantly, the common shares representing the capital stock of GHI are privately-held and are *not* listed in the Philippine Stock Exchange.

5. Although the Corporation has faithfully complied with the previous circulars issued by this Honorable Commission pertaining to Corporate Governance, it is of the position with all due respect that most of the principles as well as the recommendations on the establishment of various committees and additional officers contained in SEC Memorandum Circular No. 19, Series of 2016 are not relevant and applicable to the business and purpose of GHI.

6. However, for those principles contained in the Code which are relevant to the current corporate structure and business of GHI, the requirements of SEC Memorandum Circular No. 19, Series of 2016 would still be complied with and adhered to by GHI by adopting the principles contained in GMA's Manual of Corporate Governance (as of May 2017) and the Amendment to the GHI Revised Manual of Corporate Governance filed with the SEC on July 31, 2014.

7. On 16 May 2017, the Corporation paid the holders of the PDRs the economic benefits due them worth Php594,816,702.00 at Php0.73 per PDR, based on the audited financial statement of GMA for 2016, the highest distribution of economic benefits arising from the PDRs in the history of the Corporation, thereby upholding its firm commitment to its singular corporate purpose of holding the PDRs under the terms and conditions of their issuance as approved by the SEC.

8. For this year's performance thus far, GMA reported recurring revenues of Php3.766 billion in the first quarter of 2017 reflecting a robust 15% increase from its recurring revenues for the same period last year. It finished the quarter with a net income of Php842 million.

9. The Board of Directors respectfully considers that the applicable provisions of GMA's Manual on Corporate Governance as well as the Amendment to the GHI Revised Manual of Corporate Governance filed with the SEC on July 31, 2014, as more than sufficient and adequate to ensure the Corporation's good governance, in addition to existing laws governing the Corporation, and therefore adopts the same as compliance with SEC Memorandum Circular No. 19, Series of 2016.

Thank you.

Yours sincerely,


FELIPE L. GOZON
Chairman


ROBERTO RAFAEL V. LUCILA
Compliance Officer

GMA HOLDINGS, INC.
AMENDMENT TO THE REVISED MANUAL ON CORPORATE
GOVERNANCE

The Board of Directors and Management, i. e. officers and staff, of GMA Holdings, Inc. hereby commit themselves to the principles and best practices contained in this Revised Manual, and acknowledge that the same may guide the attainment of our corporate goals.

1 OBJECTIVE

This Amendment to the Revised Manual on Corporate Governance (the “Revised Manual”) is adopted pursuant to SEC Memorandum Circular No. 6, Series of 2009 as amended by SEC Memorandum Circular No. 9, Series of 2014 and pursuant to the letter of explanation dated May 22, 2017 of the Chairman of the Board of Directors and Compliance Officer attached as Annex “1” hereof on the matter of compliance with to SEC Memorandum Circular No. 19, Series of 2016 or the Code of Corporate Governance for Publicly-Listed Companies (“CG Code for PLCs”), shall institutionalize the principles of good corporate governance in the entire organization.

Corporate Governance is the framework of rules, systems, and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014).

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

2 COMPLIANCE SYSTEM

2.1. Compliance Officer

2.1.1. To insure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.

2.1.2 He shall perform the following duties:

- Monitor compliance with the provisions and requirements of the Revised Code of Corporate Governance (hereinafter “the Code”), the rules and regulations of regulatory agencies, and this Revised Manual and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent repetition of any violation;
- Appear before the Securities and Exchange Commission when summoned in relation to compliance with the Code;
- Issue a certification every January 30th of the year on the extent of the Corporation’s compliance with the Code for the completed year, explaining the reason/s of the latter’s deviation from the same; and
- Identify, monitor and control compliance risks.

2.1.3 The appointment of the compliance officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

2.2. Plan of Compliance

2.2.1. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors. Corollary to setting the policies for

the accomplishment of the corporate objectives, it shall provide an independent check on Management.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility, its corporate objectives and the best interest of the Corporation, its stockholders and other stakeholders.

The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities, to ensure a high standard of best practice for the corporation, its stockholders and other stakeholders (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014).

2.2.2 Composition of the Board

The Board shall be composed of five (5) directors who are also incorporators. It shall have at least two (2) independent directors.

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 should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the board.

2.2.3 The Chair and the Chief Executive Officer

The roles of Chair and CEO should, 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 and that a clear delineation of function should be made between the Chair and CEO upon their election.

The functions of the Chair and CEO are delineated, as follows:

The Chairman of the Board shall preside at all the meetings of the directors and the stockholders. He shall also exercise such

powers and perform such duties as the Board of Directors may assign him.

The Chief Executive Officer of the corporation shall also have administration and direction of the day-to-day business affairs of the corporation. He shall exercise the following functions:

- To preside at the meetings of the Board of Directors and the stockholders in the absence of the Chairman of the Board of Directors;
- To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
- To have general supervision and management of the business affairs and property of the corporation;
- To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control;
- Subject to guidelines prescribed by laws, to appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries;
- To oversee the preparation of the budgets and the statements of accounts of the corporation;
- To prepare such statements and reports of the corporation as may be required of him by law;
- To represent the corporation at all functions and proceedings;
- To execute on behalf of the corporation all contracts, agreements and other instruments which require the

approval of the Board of Directors, except as otherwise directed by the Board of Directors;

- To make reports of the Board of Directors and stockholders;
- To sign certificates of stock;
- To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

He may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s), subject always to his supervision and control.

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

2.2.4 Specific Duties and Responsibilities of a Director

2.2.4.1 General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

2.2.4.2 Specific Duties and Functions

To insure a high standard of best practice for the Corporation and its stakeholders, the Board shall:

- Implement a process of selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- Appoint competent, professional, honest and highly-motivated management officers;

- Adopt an effective succession planning program for Management;
- Determine the Corporation's purpose, its vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance;
- 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;
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation;
- Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through the said investor relations program (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014);
- Review the corporation's internal control system in order to maintain its adequacy and effectiveness;
- Adopt a system of internal check and balances within the Board;
- A regular review of the effectiveness of such system will be conducted to ensure the integrity of the decision-making and reporting process at all times;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence;

- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities;

Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and

- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

2.2.5. Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;
- To devote time and attention necessary to properly discharge his duties and responsibilities;
- To act judiciously;

- To exercise independent judgment;
- To 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 Commission, and where applicable, the requirements of other regulatory agencies;
- To observe confidentiality;
- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

2.2.6 Board Meetings and Quorum Requirement

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

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

To monitor the directors' compliance with the attendance requirements, corporations 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.

2.2.7 Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute Committees.

2.2.7.1 Nomination Committee

The Board shall create a Nomination Committee which shall have at least three (3) voting (one of whom must be independent) and one (1) non-voting Director in the person of the HR Director/Manager.

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

Qualifications

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

Disqualifications

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

- 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;

- 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 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.

- Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other

law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;

- Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- Any person judicially declared to be insolvent;
- Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

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

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;

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

- Being under preventive suspension by the Corporation;
- Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

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

2.2.7.1.2. In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

2.2.7.1.3. The Nomination Committee shall consider the following guidelines in the determination of the number of directorships for the Board:

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

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

2.2.7.1.4. The Nomination Committee shall recommend guidelines in the determination of the optimum number of

directorships/active memberships and officerships in other corporations allowable for members of the Board of Directors. The capacity of directors to serve with diligence shall not be compromised.

2.2.7.2. Compensation and Remuneration Committee

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

2.2.7.2.2 Duties and Responsibilities

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.
- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.
- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
- Disallow any director to decide his or her own remuneration.
- Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable

disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.

- Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.
- In the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

2.2.7.3. Audit Committee

2.2.7.3.1 The audit committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment.

The Board of Directors shall appoint the Independent Director as Committee Chairman or one of the independent directors if more than one.

2.2.7.3.2 Duties and Responsibilities

- Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements.
- 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;
- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational,

legal and other risks of the Corporation, and crisis management.

- Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.
- Perform direct interface functions with the internal and external auditors.
- Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
 - a. A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant.
 - b. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization.
- 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;
- 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;
- Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;

- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities.

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.

2.2.8 The Corporate Secretary

2.2.8.1 The Corporate Secretary is an officer of the company and perfection in performance and no surprises are expected of him.

Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.

2.2.8.2 The Corporate Secretary shall be a Filipino citizen.

2.2.8.3 Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.

2.2.8.4 Duties and Responsibilities

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;
- 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;
- Be loyal to the mission, vision, and objectives of the corporation;
- Work fairly and objectively with the Board management, stockholders and other stakeholders (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014);
- Have a working knowledge of the operations of the corporation;
- As to agenda, get a complete schedule thereof at least for the current year, put the Board on notice before every meeting, 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;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;

- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- Attend all Board meetings and maintain record of the same;
- Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

2.2.9. External Auditor

2.2.9.1. 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 enable an environment of good corporate governance as reflected in the financial records and reports of the company.

2.2.9.2. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.

2.2.9.3 The external auditor of the company shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work

shall not be in conflict with the functions of the external auditor nor pose a threat to its independence.

2.2.9.4. The company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

2.2.9.5. If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

2.2.10 Internal Auditor

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

2.2.10.2. The Internal Auditor shall report to the Audit Committee 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 exposures, control issues and other matters as may be needed or requested by the Board and Management. The internal auditors 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.

2.2.10.3. The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.

2.2.10.4. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions;

the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

3. ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should 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 should 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.

4. ACCOUNTABILITY AND AUDIT

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 affected its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management 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 should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- 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;

- 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 (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014);
- 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;
- The corporation should consistently comply with the financial reporting requirements of the Commission;

5 COMMUNICATION PROCESS

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

5.2 All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Revised Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

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

6 TRAINING PROCESS

6.1 If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Revised Manual.

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

7 REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

7.1. The reports or disclosures required under this Revised Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer;

7.2. All material information, i.e., anything that could adversely affect the Corporation's viability or the interest of its stockholders and other stakeholders and potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, off balance sheet transactions, board changes, related party transactions, shareholdings of directors, changes to ownership, and direct and indirect remuneration of members of the Board and Management (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014).

7.3. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.

7.4. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

7.5. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014).

8 COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Corporation established this Revised Manual in accordance with the Revised Code on Corporate Governance (SEC Memorandum Circular No. 6, series of 2009 as amended by SEC Memorandum Circular No. 9, Series of 2014).

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

All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Revised Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

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

If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Revised Manual.

9 SHAREHOLDERS' BENEFIT

The company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the company and all its investors:

9.1 INVESTORS' RIGHTS AND PROTECTION

9.1.1 Rights of Investors/Minority Interests

The Board shall be committed to respect the following rights of the stockholders:

9.1.2 Voting Right

9.1.2.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

9.1.2.2 Cumulative voting shall be used in the election of directors.

9.1.2.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

9.1.3 Pre-emptive Right

All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

9.1.4 Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

9.1.5 Right to Information

9.1.5.1 The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

9.1.5.2 The minority shareholders shall be granted 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.

9.1.5.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to

include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

9.1.6 Right to Dividends

9.1.6.1 Shareholders shall have the right to receive dividends subject to the discretion of the Board.

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

9.1.7 Appraisal Right

The shareholders' 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:

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or 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 term of corporate existence
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

9.1.8 It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow

possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

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

The Stockholders shall be granted a right to propose the holding of a meeting, as provided for under the Corporation's By-Laws, as well as the right to propose items for discussion in the agenda provided the items relate directly to the business of the corporation, as determined by the Chairman of the Board or the Chief Executive Officer, and are in accordance with law, jurisprudence and best practice.

10 MONITORING AND ASSESSMENT

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

10.2. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Revised Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Revised Manual.

10.3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval and must be in accordance with the Code.

10.4. This Revised Manual shall be subject to quarterly review unless the same frequency is amended by the Board.

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

11 PENALTIES FOR NON-COMPLIANCE WITH THE REVISED MANUAL

11.1. To strictly observe and implement the provisions of this Revised Manual, the following penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Revised Manual:

- In case of **first violation**, the subject person shall be reprimanded.
- Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation.
- **For third violation**, the maximum penalty of removal from office shall be imposed.

11.2. The commission of a third violation of this Revised Manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

11.3. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

Signed:


FELIPE L. GOZON
CHAIRMAN


ROBERTO RAFAEL V. LUCILA
COMPLIANCE OFFICER