

COVER SHEET

COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application

SEC Registration Number

Revised Manual on
Corporate Governance

5 2 1 3

Company Name

GMA NETWORK INC

Principal Office (No./Street/Barangay/City/Town)Province)

GMA NETWORK CENTER EDSA CORNER
TIMOG AVENUE DILIMAN QUEZON
CITY

ZIP CODE

COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

Mobile Number

CONTACT PERSON INFORMATION

The designated person MUST be a Director/Trustee/Partner/Officer/Resident Agent of the Corporation

Name of Contact Person

Email Address

Telephone Number/s

Mobile Number

Atty. Roberto Rafael Lucila

bobbylucila@
bgcpal.com

8163716

Contact Person's Address

To be accomplished by CRMD Personnel

Date

Signature

Assigned Processor :

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Corporate and Partnership Registration Division
Green Lane Unit
Financial Analysis and Audit Division
Licensing Unit



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 Department

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 Network, Inc. (the "Company") 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. On 15 May 2017, the Company paid out cash dividends to its shareholders worth Php3.548 billion at Php0.73 per share, based on the audited financial statement of the Company for 2016, the highest shareholders' take-out in the history of the Company, thereby upholding its firm commitment of providing the best returns to its shareholders.
2. For this year's performance thus far, the Company 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.
3. The Company has always conducted its business with utmost transparency and responsibility to its shareholders and to the public that it serves.
4. The Board of Directors considers the Company's existing Manual on Corporate Governance as more than sufficient and adequate to ensure the Company's good governance, in addition to existing laws governing the Company.
5. In its meeting held last May 17, 2017, the Board of Directors resolved that in lieu of adopting the CG Code for PLCs, the following were approved for implementation:

GMA NETWORK, INC.

GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City, 1103, Philippines

(1) Expansion of the jurisdiction of the Board of Directors' existing Audit and Risk Management Committee to include the functions and responsibilities of the Board Risk Oversight Committee ("BROC") and the Related Party Transactions ("RPT") Committee, as contemplated and enumerated in the Explanation of Recommendation 3.4 and in the Explanation of Recommendation 3.5 of the CG Code for PLCs (hereto attached as Annex "A" and Annex "B", respectively), taking into consideration the peculiarities of the broadcast industry;

(2) Expansion of the jurisdiction of the Board of Directors' Executive Committee to include the functions and responsibilities of the Corporate Governance Committees contemplated and enumerated in the Explanation of Recommendation 3.3 of the CG Code for PLCs (hereto attached as Annex "C"), except those pertaining to the nomination and election of directors and the procedure for determining the remuneration of directors and officers which will remain vested in the Board of Directors' Nomination Committee and Compensation & Remuneration Committee, as well as the power to evaluate the performance of the Board of Directors as it pertains to the stockholders and the duly elected Board directors themselves;

(3) Performance of the functions and responsibilities of a Chief Risk Officer ("CRO") on the matter of Enterprise Risk Management ("ERM") as enumerated in the Explanation of Recommendation 12.5 of the CG Code for PLCs (hereto attached as Annex "D") by the Head of the Corporate Planning Department;

(4) Authority of the Internal Audit to provide Secretariat functions to the Audit and Risk Management Committee; and

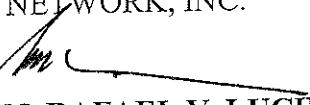
(5) Empowerment of each Board of Directors committee to come up with its own internal rules of procedure.

Thank you.

Yours sincerely,



ATTY. FELIPE L. GOZON
Chairman of the Board
GMA NETWORK, INC.



ATTY. ROBERTO RAFAEL V. LUCILA
Compliance Officer
GMA NETWORK, INC.

ANNEX "A"

Based on Recommendation 3.4. X XX.

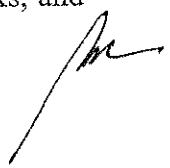
Explanation

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- a. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objective and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee.
- c. Conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- d. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness.
- e. Revisits defined risk management strategies, looks for emerging or changing material exposures, and stay abreast of significant development that seriously impact the likelihood of harm or loss;
- f. Advises the Board on its risk appetite levels and risk tolerance limits;
- g. Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;
- h. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
- i. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- j. Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.



ANNEX "B"

Based on Recommendation 3.5

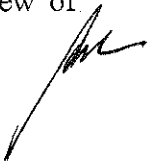
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Explanation

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- a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, Related Party Transactions (RPTs) are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
 1. The related party's relationship to the company and interest in the transaction;
 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 3. The benefits to the corporation of the proposed RPT;
 4. The availability of other sources of comparable products or services; and
 5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;

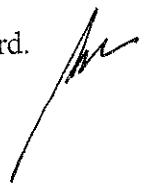
- d. Reports of the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
 - e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
 - f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs including a periodic review of RPT policies and procedures.
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ANNEX "C"

Based on Recommendation 3.3

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- a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
 - b. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, and succession plan for senior officers,;
 - c. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance; and,
 - d. Proposes and plans relevant trainings for the members of the Board.
- 

ANNEX "D"


Based on Recommendation 12.5

XXX.

- a. Supervises the entire Enterprise Risk Management (ERM) process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Audit Committee;
- c. Collaborates with the CEO in updating and making recommendations to the Audit Committee;
- d. Suggests ERM policies and related guidance, as may be needed; and
- e. Provides insights on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with.

XXX."



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PRELIMINARY

This 2017 Revised Manual on Corporate Governance [the "Manual of Corporate Governance (as of May 2017)"] is adopted pursuant to SEC Memorandum Circular No. 6, Series of 2009 or the Revised Code of Corporate Governance (the "Revised Code") as amended by SEC Memorandum Circular No. 9, Series of 2014 and pursuant to SEC Memorandum Circular No. 19, Series of 2016 or the Code of Corporate Governance for Publicly-Listed Companies ("CG Code for PLCs").

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, of **GMA NETWORK, INC.** hereby commit themselves to the principles and best practices contained in this Manual of Corporate Governance (as of May 2017), and acknowledge that the same may guide the attainment of the corporate goals. This Manual of Corporate Governance (as of May 2017) shall institutionalize the principles of good corporate governance in the entire organization.

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.

GMA Network Inc. is a Philippine Corporation which has been granted a Congressional franchise to own, operate and manage television and radio stations. As such, the Board of Directors and Management hereby affirm their continuing commitment to the Core Values, Corporate Purpose and Corporate Vision, all made an integral part of this Revised Manual.

OUR Core Values

1. We place God above all.
2. We believe that the Viewer is boss.
3. We value our People as our best assets.
4. We uphold Integrity and Transparency.
5. We are driven by our Passion for Excellence.
6. We strive for Efficiency in everything we do.
7. We pursue Creativity and Innovation.

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OUR Corporate Purpose

We enrich the lives of Filipinos everywhere with superior entertainment and responsible delivery of news and information.

OUR Corporate Vision

We are the most respected, undisputed leader in the Philippine broadcast industry and the recognized media innovator and pacesetter in Asia.

- » We are the Filipinos' favorite network.
- » We are the advertisers' preferred partner.
- » We are the employer of choice in our industry.
- » We provide the best returns to our shareholders.
- » We are a key partner in promoting the best in the Filipino.

COMPLIANCE SYSTEM


Compliance Officer

To insure adherence to corporate principles and best practices, the Board of Directors 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.

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.

He shall perform the following duties:

- o Monitor compliance with the provisions and requirements of this Revised Manual;
- o Appear before the Securities and Exchange Commission upon summons on similar matters that need to be clarified by the same;
- o Determine violation/s of the Revised Manual and recommend penalty for violation thereof for further review and approval of the Board and adopt measures to prevent a repetition of the violation;
- o Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Revised Manual for the completed year, explaining the reason/s of the latter's deviation from the same; and

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- Identify, monitor and control compliance risks.

Head of the Corporate Planning Department

The Head of the Corporate Planning Department shall perform the following additional functions and responsibilities on risk management :

- Supervise the entire Enterprise Risk Management (ERM) process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- Communicate the top risks and the status of implementation of risk management strategies and action plans to the Audit Committee;
- Collaborate with the CEO in updating and making recommendations to the Audit Committee;
- Suggest ERM policies and related guidance, as may be needed; and
- Provide insights on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with (as amended pursuant to SEC Memorandum Circular No. 19, Series of 2016 and as approved by the Board of Directors on May 17, 2017).

Plan of Compliance


Board of Directors

The Board of Directors is the principal governing body of the corporation, composed of men and women whose sound judgment is the basis of all corporate acts and businesses.

Compliance with the principles of good corporate governance shall start with the Board of Directors.

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 its stockholders and other stakeholders (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014).

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).

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The general management of the corporation shall be vested in a Board of nine (9) directors who shall be elected annually by the stockholders entitled to vote and shall serve until the election and qualification of their successors.

The Board shall have at least two (2) Independent Directors or such Independent Directors shall constitute at least 20% of the members of the Board, whichever is lesser.

The non-executive directors (i.e. directors who are not the head of a department or unit of the corporation nor performs any work related to its operation) should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the board.

An **"Independent Director"** shall mean a person other than an officer or employee of the corporation, its parents or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.


General Responsibility

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

Specific Duties and Functions

To insure a high standard of best practice for the Corporation, 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:

- Install 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 and mission and strategies to carry out its objectives.
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear


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policy on communicating or relating with them through an effective investor relations program. If feasible, the Corporation's CEO or CFO shall exercise oversight responsibility over this program (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014);

- Adopt a system of internal checks and balances;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- 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;
- 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;
- 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;
- 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 the regulatory authorities;
- 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.

Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

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- 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.

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. The certification may be submitted through SEC Form 17-C or in a separate filing.

Training of New Directors:

1. Every Director shall receive appropriate training (including his duties as a Director and how to discharge this duties) when he is first appointed to the Board of Directors. This would include an orientation-training program to ensure that incoming Directors are familiar with the Corporation's business and governance process.

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2. If necessary, a new director may be required to attend a seminar on corporate governance that shall be conducted by a duly recognized private or governmental institute.

Chair and Chief Executive Officer

The Revised Code states that 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. A clear delineation of function should be made between the Chair and CEO upon their election.

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

In addition to his responsibilities as Chair under the by-laws of the Corporation, the Chair is tasked with the following duties:


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

Board Committees

To aid in complying with the principles of good corporate governance, the Board shall establish the necessary specialized Committees with specific responsibilities to assist in the development and implementation of systems and practices that would promote good corporate governance.


The Board of Directors shall establish the following Committees: Executive Committee, the Nomination Committee, Proxy Validation Committee, the Compensation and Remuneration Committee and the Audit Committee. Depending on foreseen governance requirements and circumstances, the Board may form a new committee or disband a current committee.

Each Board Committee is empowered to come up with its own internal rules of procedure (as approved by the Board of Directors on May 17, 2017).

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A. Executive Committee

- a) The Board shall appoint from among its members an Executive Committee composed of not less than three (3) members, and shall designate one of such members as Chairman of the Executive Committee.
- b) The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by majority vote of all its members on such specific matters within the competence of the Board of Directors as may from time to time be delegated to the Executive Committee in accordance with the Corporation's By-Laws, except with respect to –
 - i. approval of any action for which shareholders' approval is also required;
 - ii. the filling of vacancies on the Board or in the Executive Committee;
 - iii. the amendment or repeal of By-Law or the adoption of new By-Laws;
 - iv. the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
 - v. the distribution of cash dividends;
 - vi. the exercise of powers delegated by the Board exclusively to other committees, if any.
- c) The Executive Committee shall likewise perform the following functions and responsibilities:
 - a.) Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
 - b.) Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, and succession plan for senior officers,;
 - c.) Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance; and,
 - d.) Propose and plan relevant trainings for the members of the Board (as amended pursuant to SEC Memorandum Circular No. 19, Series of 2016 and as approved by the Board of Directors on May 17, 2017).
- d) A majority of all the members of the Executive Committee shall constitute a quorum. The Executive Committee shall fix its own rules of procedure. An act of the Executive Committee which is within the scope of its powers shall not require ratification or approval for its validity and effectivity, *provided however* that the Board of Directors may at any time enlarge or redefine the powers of the Executive Committee. All actions of the Executive Committee shall be reported to the Board of Directors at the meeting thereof following such action

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and shall be subject to revision or alteration by the Board of Directors, *provided* that no rights or acts of third parties shall be affected by any such revision or alteration.

B. Nomination Committee

Mission of the Nomination Committee:

The Mission of the Nomination Committee is to provide the shareholders with an independent and objective evaluation and assurance that the membership of the Board of Directors is competent and will foster the long-term success of the Corporation and secure its sustained competitiveness.

Organizational Status:

1. The Board of Directors establishes the Nomination Committee and appoints the members of the Committee.
2. The Nomination Committee shall report directly to the Board of Directors.
3. The Nomination Committee shall have at least three (3) members, one of whom must be an independent director. The Board of Directors shall ensure that the members of the Nomination Committee are appropriately qualified to discharge their responsibilities.
4. The Committee shall appoint one of its members to be the Committee Chairman.


Purpose and Scope of Work:

The purpose of the Nomination Committee is to assist the Board of Directors in its responsibility in ensuring that all nominees to the Board of Directors are competent and qualified to be nominated as Director based on internal guidelines. This is to ensure that:

1. There is a proper mix of competent directors that would continuously improve shareholder's value
2. Directors will ensure a high standard of best practices for the Corporation and its stakeholders.

Responsibility:


The Nomination Committee shall be responsible for ensuring that the selection of new members of the Board of Directors is transparent with the end objective of having the Board of Directors increase shareholder value. For this purpose, the Nomination Committee shall:

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- a. Pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the pertinent provisions of the Articles of Incorporation and By-Laws of the corporation, as well as established guidelines on qualifications and disqualifications.
- b. Recommend guidelines in the selection of nominees for directorships which may include the following based on the perceived needs of the Board of Directors at a certain point in time:
 - a. The nature of the business of the corporations of which he is a director;
 - b. Age of the director;
 - c. Number of directorships/active memberships and officerships in other corporations or organizations; and
 - d. Possible conflicts of interest.
- c. 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.
- d. Recommend to the Board of Directors regarding the size and composition of the Board in view of long-term business plans, and the needed appropriate skills and characteristics of the Board members.

Meetings of the Nomination Committee:

- a. The Nomination Committee shall meet at least once a year, and as many times as it deems necessary.
- b. The notice and agenda for each meeting shall be circulated to all Committee members before each meeting.
- c. The committees may invite other Directors and Executive Officers to attend any meeting.
- d. The Chairman of the committees shall preside in all the meetings of the Committee. In his absence, the members present shall elect from among themselves one member to preside over the particular meeting.
- e. The quorum at any meeting shall not be less than a majority of all its members. No business shall be transacted at any meeting unless a quorum is present.
- f. Voting on all Committee resolutions shall be carried by a simple majority of votes. Each member is entitled to one vote save and except that in the event of an equality of votes, the Committee Chairman or the member presiding over the meeting shall have the deciding vote.
- g. The Nomination committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the Committee Secretary to record and keep minutes of meetings and other proceedings.

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- h. Minutes of each meeting is to be prepared and subsequently circulated to the committee members for approval.
- i. The minutes of each committee meeting shall be circulated to the Board of Directors and the Corporate Secretary for record purposes.
- j. The Nomination Committee may make further rules of procedures or vary or amend existing ones from time to time as the Committee deems fit, with the approval of the Board of Directors.

General Guidelines in the Evaluation of Director-Nominee:


The Nomination Committee, in determining the qualified nominees to the Board of Directors, shall consider the following, in addition to the relevant provisions of the Articles of Incorporation and By-Laws of the corporation:

Qualifications of a Member of the Board of Directors:

- a. Holder of at least one (1) share of stock of the Corporation;
- b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- c. He shall be at least twenty five (25) years old;
- d. He shall have proven to possess integrity and probity; and
- e. He shall be assiduous.

Permanent Disqualifications:


- a. 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;
- b. 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

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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.

- c. Any person convicted by final judgment or order by court or competent administrative body of an offense involving moral turpitude or fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d. 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;
- e. Any person judicially declared to be insolvent;
- f. 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;
- g. 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; and,
- h. Any person engaged in or connected with any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged or connected:
 - i. If he is an officer, manager, director, consultant, controlling person of, or the owner (either of record or beneficially) of

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5% or more of any outstanding class of shares of, any other corporation or entity engaged in a business which the Board, by a majority vote, determines to be competitive or antagonistic to that of the Corporation;

- ii. If the Board, in the exercise of its judgment in good faith, determines by a majority vote that he is the nominee of any person set forth in the immediately preceding sub-paragraph (i).


C. Temporary Disqualifications:

- a. 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;
- b. 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;
- c. 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;
- d. Being under preventive suspension by the Corporation;
- e. If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director; and,
- f. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

C. Compensation and Remuneration Committee

Mission:

The mission of the Remuneration and Compensation Committee is to objectively recommend a formal and transparent framework of remuneration and evaluation for the members of the Board of Directors and key executives to enable them to run the Corporation successfully.

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Organizational Status:

1. The Board of Directors establishes the Remuneration and Compensation Committee and appoints the members of the Committee.
2. The Committee shall report directly to the Board of Directors.
3. The Compensation and Remuneration Committee shall be composed of three (3) members from the Board, one of whom shall be an independent director.
4. The Committee shall appoint one of its members to be the Committee Chairman.


Purpose and Scope of Work:

The purpose of the Remuneration and Compensation Committee is to recommend a formal and transparent remuneration and compensation system for the Directors and key executives and to provide assurance that this system is properly functioning. This is to ensure that:

1. The level and type of remuneration of Directors and key executives are transparent and appropriate to attract, retain and motivate them.
2. There is a proper evaluation system wherein a portion of remuneration is tied-up to the attainment of corporate goals and objectives.

Responsibility:

- Recommend 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.
- Recommend the 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.
- Recommend 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.
- Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of

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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.

- o Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of aggregate compensation of its executive officers for the previous fiscal year and the ensuing year as prescribed by the Securities and Exchange Commission or other regulatory agency.


Meetings:

- a. The Remuneration and Compensation Committee shall meet at least once a year, and as many times as it deems necessary.
- b. The notice and agenda for each meeting shall be circulated to all Committee members before each meeting.
- c. The committees may invite other Directors and Executive Officers to attend any meeting.
- d. The Chairman of the committee shall preside in all the meetings of the Committee. In his absence, the members present shall elect from among themselves one member to preside over the particular meeting.
- e. The quorum at any meeting shall be the majority of all the members. No business shall be transacted at any meeting unless a quorum is present.
- f. Voting on all Committee resolutions shall be carried by a simple majority of votes. Each member is entitled to one vote save and except that in the event of an equality of votes, the Committee Chairman or the member presiding over the meeting shall have the deciding vote.
- g. The Remuneration and Compensation committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the Committee Secretary to record and keep minutes of meetings and other proceedings.
- h. Minutes of each meeting is to be prepared and subsequently circulated to the committee members for approval.
- i. The minutes of each committee meeting shall be circulated to the Board of Directors and the Corporate Secretary for record purposes.
- j. The Remuneration and Compensation Committee may make further rules of procedures or vary or amend existing ones from time to time as the Committee deems fit, with the approval of the Board of Directors.

D. Audit Committee

Mission:

The mission of the Audit Committee is to assist the Board of Directors in its fiduciary responsibilities by providing an independent and objective assurance to the Corporation's management and stakeholders in the

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continuous improvement of risk management systems, business operations and proper safeguarding and use of the Corporation's resources and assets. The Audit Committee provides a general evaluation and gives assistance in the over-all improvement of the risk management, control, and governance process of the Corporation.


Organizational Status:

1. The Board of Director establishes the Audit Committee and appoints the members of the Committee.
2. The Audit Committee reports to the Board of Directors.
3. The Audit Committee shall be composed of at least three (3) members from the Board of Directors, at least one (1) of whom shall always be an independent director. The Board shall ensure that each member should have adequate competence and/or experience of financial management systems and environment to enable them to discharge their responsibilities.
4. The Board of Directors shall appoint the Independent Director as Committee Chairman or one of the independent directors if more than one.
5. The Audit Committee as a body shall have neither executive nor managerial powers and duties in the Corporation except those relating to the management of the Corporate Auditor.

Purpose and Scope of Work:

The purpose of the Audit Committee is to lead the general evaluation and to provide assistance in the continuous improvement of the Corporation's risk management, control, and governance processes as designed by management and provide assurance that these are properly functioning. This is to ensure that:

1. Financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards, and regulatory requirements. The Audit Committee reviews the financial reports of the Corporation prior to the Board of Directors' approval.
2. Risks are properly identified, evaluated and managed. The Audit Committee provides assessment and independent recommendations on risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management.
3. Audit activities of internal and external auditors are done per plan and deviations are explained. The Audit Committee performs direct interface functions with the internal and external auditors. The Committee reviews, evaluates, and approves the respective audit

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programs, plans, scope, frequency, and evaluation of risk management, control and governance processes of both the internal and external auditors, one (1) month or such reasonable time the Committee may decide prior to the conduct of the audit.

4. The Board of Directors is properly assisted in the development of policies that would enhance the risk management and control systems of the Corporation.


Responsibility:

The Audit Committee shall assist the Board of Directors in its fiduciary responsibility for the over-all effectiveness of risk management systems and both the internal and external audit functions of the Corporation. For this purpose, the Audit Committee shall:

1. Evaluate and approve the Annual Audit Plans, programs, scope and frequency submitted by the Internal Auditor and External Auditor.
2. Recommend appropriate resources needed by Internal Auditor to the Board of Directors.
3. Ensure that the Internal Auditor implements the Annual Auditor Plan in an effective, professional and timely manner.
4. Evaluate all significant issues reported by Internal Audit and External Auditors relating to the adequacy, efficiency and, effectiveness of policies, controls, processes, and activities of the Corporation.
5. Raise to the Board of Directors these significant issues and failure of business unit or corporate center management to take remedial actions.
6. Recommend any improvements in risk management systems and improvement in policies and procedures.
7. Ensure that other non-audit work provided by the External Auditor is not in conflict with his functions as External Auditor. The External Auditor shall not at the same time provide the services of internal auditor to the company.
8. Review the external auditor's management letter and the responses from management and serve as a useful channel of communication between the Board of Directors and External Auditors on matters related to and arising out of the external audit.
9. Ensure the compliance of the Corporation with acceptable auditing and accounting standards and regulations.
10. See to it that a transparent financial management system is developed 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.
11. Nominate/re-nominate the External Auditor to the shareholders through the Board of Directors. The nominated External Auditor should enable an environment of good corporate governance as reflected in the Corporation's financial records and reports.


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12. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.
13. Review the financial statements before their submission to the Board, with particular focus on the following matters:
 - a. Any change/s in accounting policies and practices
 - b. Major judgmental areas
 - c. Significant adjustments resulting from audit
 - d. Going concern assumptions
 - e. Compliance with accounting standards
 - f. Compliance with legal and regulatory requirements
14. Coordinate, monitor and facilitate compliance with laws, rules and regulations.
15. 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.
16. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities.
17. Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objective and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
18. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee;
19. Conduct regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
20. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness.
21. Revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant development that seriously impact the likelihood of harm or loss;
22. Advise the Board on its risk appetite levels and risk tolerance limits;
23. Review at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;
24. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of

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occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;

25. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
26. Report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary (as amended pursuant to SEC Memorandum Circular No. 19, Series of 2016 and as approved by the Board of Directors on May 17, 2017).
27. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, Related Party Transactions (RPTs) are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
28. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
 1. The related party's relationship to the company and interest in the transaction;
 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 3. The benefits to the corporation of the proposed RPT;
 4. The availability of other sources of comparable products or services; and
 5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
29. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of

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Interest that are inconsistent with such policies, and conflicts that could arise as a results of the company's affiliation or transactions with other related parties;


30. Report of the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
31. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
32. Oversee the Implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs including a periodic review of RPT policies and procedures (as amended pursuant to SEC Memorandum Circular No. 19, Series of 2016 and as approved by the Board of Directors on May 17, 2017).

Meetings:

- a. The Audit committee shall meet at least once a year, and as many times as the Committee deems necessary.
- b. The notice and agenda for each meeting shall be circulated to all Audit Committee members before each meeting.
- c. The committee may invite other Directors and Executive Officers to attend any meeting.
- d. The Chairman of the committees shall preside in all the meetings.
- e. If the Independent Director is not present or if there are less than two (2) members present in the scheduled meeting, there is no quorum. No business shall be transacted at any meeting unless a quorum is present.
- f. Voting on all Committee resolutions shall be carried by a simple majority of votes. Each member is entitled to one vote save and except that in the event of an equality of votes, the Committee Chairman shall have the deciding vote.
- g. The committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the Committee Secretary to record and keep minutes of meetings and other proceedings.
- h. Minutes of each meeting is to be prepared and subsequently circulated to the committee members for approval.
- i. The minutes of each committee meeting shall be circulated to the Board of Directors and the Corporate Secretary for record purposes.
- j. Each Committee may make further rules of procedures or vary or amend existing ones from time to time as the Committee deems fit, with the approval of the Board of Directors.

E. Proxy Validation Committee

The Board of Directors shall appoint three (3) persons (who need not be stockholders) to act as Proxy Validation Committee which shall be empowered to pass on the validity of proxies. The Proxy Validation Committee shall be guided by existing laws, and rules and regulations of the Philippine Securities and Exchange Commission regarding proxies. The

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term of office of the Committee members shall be fixed by the Board of Directors. In the event of vacancy in the Committee membership, the Board of Directors may appoint another member to such vacancy.

The Corporate Secretary


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.

The Corporate Secretary shall be a Filipino citizen.

Considering his varied functions and duties, he must possess administrative and interpersonal skills. He must also have some financial, accounting and legal skills. If he is not at the same time the corporation's legal counsel, he must be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities. Further, he must have a working knowledge of the operations of the corporation.

Duties and Responsibilities

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
- As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
- 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.
- Work fairly and objectively with the Board, Management, stockholders and other stakeholders (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014);
- Submit to the Securities and Exchange Commission, every January 30th of the year, an annual certification as to the attendance of the directors during Board meetings, countersigned by the Chairman of the Board.
- Ensure that all Board procedures, rules and regulations are strictly followed by the members.

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- o If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer provided for in this Code.

External Auditor


An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

The Audit Committee shall state the reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor 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.

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 of the company shall not at the same time provide the services of an internal auditor to the same client. The Corporation, through the Audit Committee, shall ensure that other non-audit work of the external auditor does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

The company's external auditor shall be rotated or the handling partner shall be 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 exposures, 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.

If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed

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with the Commission or any regulatory body during his engagement is incorrect or incomplete, he shall present his views in said reports.

Internal Auditor

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

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.


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.

Mission of Internal Audit:

The Mission of Internal Audit is to provide an independent and objective assurance within the corporation, designed to add value and improve the Corporation's operations. It helps the Corporation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Organizational Status:

1. The Corporate Auditor heads the Internal Audit.
2. The Corporate Auditor reports functionally to the Audit Committee and administratively to the President and Chief Executive Officer.
3. Internal Audit shall have an independent status. It is the responsibility of the management to plan, organize and direct activities to provide reasonable assurance that established goals will be achieved. Internal Audit will examine and evaluate the planning, organizing, and directing processes established and maintained by business unit and corporate center management.

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Purpose and Scope of Work:


The purpose of Internal Audit is to examine and evaluate whether the Corporation's risk management, controls and processes, as designed by management, are adequate, efficient, and functioning in a manner to ensure that:

1. Programs, plans, goals and objectives are achieved.
2. Employee's actions are in compliance with policies, code of conduct, standards, procedures, and applicable laws and regulations.
3. Authorities and responsibilities are clear, properly assigned and documented.
4. Risks are appropriately identified, evaluated, and managed.
5. Changes in functions, services, processes, and operations are properly evaluated.
6. Significant legislative or regulatory issues impacting the Corporation are recognized and addressed appropriately.
7. Control activities are integral part of daily operations. The minimum internal control mechanisms for management's operational responsibility shall center on the Chief Executive Officer, being ultimately accountable for the corporation's organizational and procedural controls.
8. Adequate controls are incorporated into information technology systems.
9. Assets or resources are acquired economically, used efficiently, and adequately protected or safeguarded.
10. Financial management and operating information are reliable, timely, relevant, accurate, accessible, and provided in a consistent format.
11. Channels of communication are effective to ensure that interaction with business units, corporate centers, or divisions occurs as needed.
12. Continuous quality improvement is fostered in the business unit and corporate center's control processes.

Responsibility:

The Internal Audit shall be solely responsible for the planning, implementation, and reporting of the internal audits. For this purpose, Internal Audit shall:

1. Prepare a forward Strategic Plan to set the direction and approach of audits in the long term.
2. In consultation with the Chief Executive Officer, President, business unit and corporate center management, prepare a detailed and flexible Annual Audit Plan using risk-based, process focused methodology. This Annual Audit Plan is submitted to the Audit Committee for approval.


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3. Implement the approved Annual Audit Plan in an effective, professional, and timely manner.
4. Report in a timely manner significant issues noted during the audit relating to the adequacy, efficiency, and effectiveness of policies, controls, processes and activities of the Corporation. As directed by or under the policies of the Audit Committee, furnishes auditees and /or any other member of management copies of the reports.
5. Recommend any improvement in policies and procedures, systems and controls, processes, and other financial and operational matters to assist management in the effective discharge of their responsibilities, in order to minimize or prevent waste, extravagance, negative image, and fraud. The management of the business unit or corporate center is responsible to implement specific recommendations.
6. Draw attention to any failure to take remedial actions.
7. Report quarterly to the Audit Committee on the performance of the internal audit, which includes the status of audits, compliance with Annual Audit Plan, significant interim changes, and the sufficiency of available resources to internal audit.
8. Keep the Audit Committee informed of emerging trends and successful practices in the field of internal audit.
9. Coordinate with external auditors and ensure that the audit works are complementary to optimize at a reasonable cost.
10. Comply with standards, Codes of Conduct and Ethics that are promulgated by the relevant professional and regulatory bodies.
11. Provide secretariat functions to the Audit Committee (as approved by the Board of Directors on May 17, 2017).

Authority:

Subject to the approval of the Audit Committee, the Internal Audit is authorized to:

1. Decide on the nature, scope, timing and frequencies of audit.
2. Allocate resources and apply different techniques required to accomplish audit objectives.
3. Assess and recruit personnel with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter provided within policy and approved budget.
4. Have discussions with managers and employees of the Corporation at any reasonable time.
5. Attend or participate in meetings relating to the Board's oversight responsibilities for auditing, financial reporting, corporate governance, and control.
6. Have full and free access to the Audit Committee.
7. Obtain the necessary assistance of business unit or corporate center personnel, as well as other specialized services from within or outside the organization.

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ADEQUATE AND TIMELY INFORMATION

1. 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.
2. 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.
3. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.
4. 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.


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 affect 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:

- (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 (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014);
- (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

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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.

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:

INVESTORS' RIGHTS AND PROTECTION

Rights of Investors/Minority Interests

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

A. Voting Right

1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
2. Cumulative voting shall be used in the election of directors.

B. Pre-emptive Right


The amended articles of incorporation of the Company provide that the shareholders shall not have any pre-emptive rights.

C. Power of Inspection

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

D. Right to Information

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

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shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

E. Right to Dividends

1. Shareholders shall have the right to receive dividends subject to the discretion of the Board.
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 such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.


F. 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:

- o 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;
- o 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
- o In case of merger or consolidation.

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.

Stockholders shall be granted the 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

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by the Chairman and Chief Executive Officer, and are in accordance with law, jurisprudence and best practice. In the event that the positions of Chairman and Chief Executive Officer are held by different persons both of them shall determine such matters.


REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

The Corporation believes that the essence of corporate governance is transparency.

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.
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, board changes, related party transactions, shareholdings of directors and changes to ownership (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014).
3. Other information that shall always be disclosed includes the aggregate remuneration (including stock options) of all directors and senior management officers.
4. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
5. The Board shall commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014).

COMMITMENT TO GOOD CORPORATE GOVERNANCE

1. 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).
2. This Revised Manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
3. 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.

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4. 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.
5. 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.

MONITORING AND ASSESSMENT

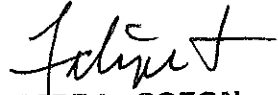
1. Each Committee shall report regularly to the Board of Directors.
2. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Revised Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under this Revised Manual.
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.
4. This Revised Manual shall be subject to annual review unless a more frequent review is decided by the Board.
5. All business processes and practices being performed within any department or business unit of **GMA Network, Inc.** that are not consistent with any portion of this Revised Manual shall be revoked unless upgraded to be compliant with this Revised Manual.

PENALTIES FOR NON-COMPLIANCE WITH THE REVISED MANUAL

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 as determined by the Board.
 - **For third violation**, the maximum penalty of removal from office may be imposed.
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.

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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.


FELIPE L. GOZON
CHAIRMAN OF THE BOARD


ROBERTO RAFAEL V. LUCILA
COMPLIANCE OFFICER