



October 5, 2021

Securities and Exchange Commission
PICC Complex, Roxas Boulevard, Pasay City, 1307

Attention: Dir. Rachel Esther J. Gumtang-Remalante
Office of the Director
Corporate Governance and Finance Department

Re: Amendment to the Company's Revised Manual
on Corporate Governance

Gentlemen:

On the matter of the Company's attached amendment to its 2020 Revised Manual on Corporate Governance ("Manual"), GMA Network, Inc. (the "Company") hereby submits the following explanation, consistent with the 'comply or explain' approach, for the following amendment on page 34 of its current Manual:

The Corporate Secretary shall be a Filipino citizen. He/she may or may not be a member of the Board of Directors (as amended on October 4, 2021).¹

The above-quoted amendment was unanimously approved by the members of the Company's Board of Directors during its Special Meeting on October 4, 2021. The reason therefor is that the duties and functions of a Director are not inconsistent with the roles and responsibilities of a Corporate Secretary. The functions of a director and a corporate secretary both include the role of ensuring that the Board is able to perform its functions efficiently, legally, and in due observance of good corporate governance.

Thank you.

¹ Prior to the amendment, the provision reads as follows: The Corporate Secretary shall be a Filipino citizen. He/she should not be a member of the Board of Directors (Recommendation 1.5).


Very truly yours,



Atty. Felipe L. Gozon
Chairman
GMA Network, Inc.



Atty. Eduardo P. Santos
Compliance Officer
GMA Network, Inc.

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PRELIMINARY STATEMENT

This 2021 Revised Manual on Corporate Governance [the “Revised Manual” (as of July 2020)] is adopted pursuant to SEC Memorandum Circular No. 24, Series of 2019 and SEC Memorandum Circular No. 19, Series of 2016.

Corporate governance is the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their shareholders and other stakeholders. Corporate governance is a system of direction, feedback and control using regulations, performance, standard and ethical guidelines to hold the board of directors and senior management accountable for ensuring ethical behavior and reconciling long-term customer satisfaction with shareholders value to the benefit of all stakeholders and society. Its purpose is to maximize the organization’s long-term success, thereby creating sustainable value for its shareholders, other stakeholders and the nation (as amended pursuant to SEC Memorandum Circular No. 24, Series of 2019).


The Board of Directors and Management of **GMA NETWORK, INC.** (the “Company”) hereby commit themselves to the principles and best practices contained in this Revised Manual (as of July 2020), and acknowledge that the same may guide the attainment of the corporate goals. This Revised Manual (as of July 2020) shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, of the Company 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 the responsible, unbiased, and timely delivery of accurate 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 should ensure that it is assisted in its duties by a Compliance Officer who shall hold the position of a Vice President or its equivalent. The Compliance Officer should not be a member of the Board of Directors and should annually attend training on corporate governance. He is a member of the Company's Management team in charge of compliance function and is primarily liable to the Company and its shareholders, and not to the Chairperson or President of the Company (Reco.1.6).

The appointment of the Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission (SEC) 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:

1. Monitor, review, evaluate and ensure the compliance by the Company, its officers and directors with the relevant laws, this Revised Manual, rules and regulations and all governance issuances of regulatory agencies (Explan., Reco.1.6);
2. Ensure proper onboarding of new directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others) (Explan., Reco.1.6);


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3. Ensure the integrity and accuracy of all documentary and electronic submissions as may be allowed under the SEC rules and regulations (Explan., Reco.1.6);
4. Appear before the SEC when summoned in relation to compliance with this Revised Manual and other relevant rules and regulations (Explan., Reco.1.6);
5. Collaborate with other departments within the Company to properly address compliance issues, which may be subject to investigation (Explan., Reco. 1.6);
6. Identify possible areas of compliance issues and work towards the resolution of the same (Explan., Reco.1.6);
7. Ensure the attendance of Board members and key officers to relevant trainings (Explan., Reco.1.6);
8. Perform such other duties and responsibilities as may be provided by the Board and the SEC (Explan., Reco.1.6);
9. Report to the Board if violations are found and recommend the imposition of appropriate disciplinary action, for further review and approval of the Board, and adopt measures to prevent a repetition of the violation (Explan., Reco.1.6);
10. Issue a certification every January 30th of the year on the extent of the Company's compliance with this Revised Manual for the completed year, explaining the reason/s of the latter's deviation from the same; and
11. Identify, monitor and control compliance risks.

Head of Corporate Strategic Planning Department (Chief Risk Officer)

The Head of the Corporate Strategic Planning Department shall perform the functions and responsibilities of the Chief Risk Officer as contemplated in Memorandum Circular No. 19, Series of 2016, embodying the Explanation of Recommendation 12.5, subject to the modifications contained in the letter of explanation dated May 22, 2017 of the Chairman of the Board of Directors and Compliance Officer. The functions are as follows:

1. Supervise the entire Enterprise Risk Management (ERM) process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;

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2. Communicate the top risks and the status of implementation of risk management strategies and action plans to the Audit and Risk Management Committee;
3. Collaborate with the CEO in updating and making recommendations to the Audit Committee;
4. Suggest ERM policies and related guidance, as may be needed; and
5. 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.

Plan of Compliance


Board of Directors

The Company shall be headed by a competent, working Board of Directors which is the principal governing body of the Company, composed of men and women whose sound judgment is the basis of all corporate acts and businesses (Princ.1).

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 Company and secure its sustained competitiveness and growth in a manner consistent with its corporate objectives and the long-term best interest of its stockholders and other stakeholders (Princ.1). It shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates (Reco.16.1).

The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities, and endeavor to exercise an objective and independent judgment on all corporate affairs to ensure a high standard of best practice for the Company, its stockholders and other stakeholders (Princ.5). It shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders and all other stakeholders (Reco.2.1). The Board should be

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composed of nine (9) directors with a collective working knowledge, experience or expertise that is relevant to the Company’s industry (Reco.1.1). A majority of the Board should be composed of non-executive directors who possess the necessary qualification to effectively participate and help secure objective, independent judgment on corporate affairs and to carry out proper checks and balances (Reco.5.1).

Nomination and Election.

The general management of the Company 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 (Reco.1.1). Through the Nomination Committee, the Board shall set qualification standards for its members to facilitate the selection of potential nominees for board seats, and to serve as a benchmark for the evaluation of its performance (Explan., Reco.1.1).

Non-Executive Directors


The non-executive directors (i.e. directors who are not the head of a department or unit of the Company nor perform 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. They shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Company. The meetings should be chaired by an independent director (Reco.5.8)

Independent Directors

The Board shall have at least two (2) Independent Directors or should constitute at least 20% of the members of the Board, whichever is higher (Reco.5.2).

An Independent Director is a person who ideally:

1. Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company (Explan.(a), Reco.5.3);
2. Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies (Explan.(d), Reco.5.3);
3. Is not a relative of a director, officer or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister (Explan.(e), Reco.5.3);

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4. Is not acting as a nominee or representative of any director of the Company or any of its related companies (Explan.(f), Reco.5.3);

5. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal shareholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer (Explan.(g), Reco.5.3);

6. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the two (2) years immediately preceding the date of his election (Explan.(h), Reco.5.3);

7. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment within the two (2) years immediately preceding the date of his election (Explan.(i), Reco.5.3);


8. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders (Explan.(j), Reco.5.3); and

9. Is not employed as an executive officer of another company where any of the Company's executives is a director.

Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company (Explan.(k), Reco.5.3).

The Board's independent directors should serve for a maximum cumulative term of nine (9) years, starting from 2012. In the instance that the Company wants to retain an independent director who has served for nine (9) consecutive years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

The Independent Directors of the Board should not concurrently serve as directors to more than the maximum concurrent directorship in public companies and/or registered issuers and publicly-listed companies required by rules and regulations of the Securities and Exchange Commission (Reco.4.2).

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General Responsibility

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

Roles and Responsibilities of the Board


The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Company's articles of incorporation and by-laws, and other legal pronouncements and guidelines of the SEC should be clearly made known to all directors as well as to shareholders and other stakeholders (Princ.2).

There are two key elements of the fiduciary duty of Board members: the duty of care and the duty of loyalty. The duty of care requires Board members to act on a fully informed basis, in good faith, and with due diligence and care. The duty of loyalty is also of central importance; the Board member should act in the interest of the Company and all its shareholders, and not those of the controlling group or any other stakeholder. The fiduciary duty of the Board is to promote the value of the Company. The Board members must exercise their business judgment in considering and reconciling the interest of various stakeholders, including the shareholders (Explan., Reco.2.1).

Specific Duties and Functions

To insure a high standard of best practices for the Company, 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:

1. Install a process of selection to ensure (a) an appropriate a mix of competent directors and officers, who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies; and (b) that its members remain qualified for their positions individually and collectively, to enable them to fulfill their roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction (Reco.1.1). Appoint competent, professional, honest and highly-motivated management officers;
2. Review the succession planning program established by Management for key officers to ensure the consistent growth of the Company, as well as the Company's retirement program/s for employees (Reco.2.3). The Company's policy on succession for directors shall follow the provisions of the Revised Corporation Code of the Philippines, the By-laws, the Revised Manual and the rules of the SEC on the qualifications and election of directors;

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3. Determine the Company's purpose, its vision and mission and strategies to carry out its objectives;

4. Oversee the development of and approve the Company's business and strategy, and monitor its implementation, in order to sustain the Company's long-term viability and strength (Reco.2.2);

5. Ensure that the Company complies with all relevant laws, regulations and codes of best business practices;

6. Identify the Company's stakeholders in the community in which it operates or are directly affected by its operations, adhere to the relevant contract and civil laws on fair treatment, protection and enforcement of the rights of stakeholders, formulate a clear policy on communicating or relating with them for the redress of any violation of their rights through an effective investor relations program, and promote cooperation between them and the Company in creating wealth, growth and sustainability (Princ.14, Reco.14.1 & 14.2). If feasible, the Company's CEO or CFO shall exercise oversight responsibility over this program;

7. Adopt and oversee that an appropriate internal control system of internal checks and balances is in place, including setting up a mechanism for monitoring and managing potential/actual conflicts of interest of Board members, management, and shareholders (Reco. 2.9);


8. Adopt an Internal Audit Charter (Reco. 2.9);

9. Identify key risk areas and key performance indicators and monitor these factors with due diligence;

10. Oversee that a sound Enterprise Risk Management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies to ensure the integrity, transparency and proper governance in the conduct of its affairs (Reco.2.10 & Princ. 12).

11. 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;

12. 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;

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13. Provide sound strategic policies and guidelines to the Company 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;

14. Formulate and implement policy and have the overall responsibility in ensuring that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transaction, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material RPTs which guarantee fairness and transparency of the transactions between and among the Company and its 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 (Reco. 2.6);


15. Require material RPTs to be approved by at least two-thirds (2/3) of the Board, with majority of the independent directors approving the transaction, in accordance with the provisions of the Revised Corporation Code of the Philippines, SEC issuances and other related laws. Other measures include ensuring that transactions occur at market prices at arm’s-length basis and under conditions that protect the rights of all shareholders/members (Explan., Reco.2.6);

16. Set the materiality threshold at a level where omission or misstatement of the transaction could pose a significant risk to the Company and influence its economic decision, which the SEC may reduce or revise if it shall deem necessary. In cases where the Board and/or shareholders’ approval is required, interested directors and/or shareholders, respectively, shall abstain and let the disinterested parties decide (Explan., Reco.2.6);

17. Establish Board Committees that focus on specific Board functions to aid in the optimal performance of its roles and responsibilities. The Board committees should be composed only of Board members (Reco.3.1);

18. Establish an Audit Committee and Risk Management Committee to enhance its oversight capability over the Company’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations (Reco.3.2);

19. Establish standards for the appropriate selection of an external auditor, and exercise effective oversight over the same to strengthen the external auditor’s independence and enhance audit quality (Princ.9);

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20. Establish and maintain an alternative dispute resolution system in the Company in accordance with established and generally accepted Alternative Dispute Resolution procedures, which shall be available at the option of the shareholder. Such alternative dispute resolution system can amicably and effectively settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities, when appropriate (Reco.13.4 and Explan.,13.4);

21. Align the remuneration of key officers and Board members with the long-term interests of the Company and specify the relationship between remuneration and performance (Explan., Reco.2.2);

22. Approve the selection and assess the performance of the Management led by the Chief Executive Officer (CEO), the President and control functions led by their respective heads (Chief Risk Officer, Compliance Officer, and Internal Auditor, as may be applicable) (Reco.2.7);


23. Establish an effective performance evaluation framework which shall be based on the Company's operational and financial performance as the standard or criteria for assessment. The performance evaluation should ensure that the Management, including the Chief Executive Office and the President, and personnel's performance is at par with the standards set by the Board and Senior Management (Reco.2.8);

24. Ensure that its independent directors possess the necessary qualification and none of the disqualifications for an independent director to hold the position (Reco.5.3);

25. Have in place a self-assessment system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees. The Board shall allow shareholders to provide feedback on the Board's performance (Reco.6.2);

26. Adopt the Code of Business Conduct and Ethics of the Company, which provides standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of Board members. The Code should be properly disseminated to all members of the Board. It should also be disclosed and made available to the public through the Company website (Reco.7.1);

27. Ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. (Reco.7.2);

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28. Establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholder and other stakeholders that gives a fair and complete picture of the Company's financial condition, results and business operations (Reco. 8.1);

29. Adopt a policy requiring all directors and officers to disclose/report to the Company any dealings in the Company's shares by the said directors and officers within five (5) business days (Reco.8.2);

30. Establish a strong and effective control system and enterprise risk management system. The Company shall have an adequate and effective internal control system and an Enterprise Risk Management framework in the conduct of its business, taking into account its size, risk profile, nature and complexity of operations (Princ.12; Reco.12.1);

31. Adopt a policy informing the shareholders of all their rights. It should ensure that basic shareholder rights are disclosed in the Manual on Corporate Governance (Reco.13.1);


32. Establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance (Reco.15.1);

33. Set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in the Company's Code of Business Conduct and Ethics. Further, it should disseminate the policy and program to employees across the organization through orientations and continuous trainings to embed them in the Company's culture (Reco.15.2);

34. Establish a suitable framework for whistleblowing that allows employees to freely communicate their legitimate concerns about illegal or unethical practices, without fear of retaliation (Reco.15.3);

35. Adopt a formal and transparent Board nomination and election guidelines that include how the Board accepts nominations from its shareholders and reviews the qualifications of nominated candidates. The performance appraisal report of each of the members of the Board of Directors should include an evaluation the effectiveness of the processes and procedures in the nomination, election, replacement/removal of a director. The process of identifying the quality of directors should be aligned with the strategic direction of the Company (Reco.2.5);

36. The Board shall monitor and assess the performance of the Management team based on established performance standards that are consistent with the

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Company's strategic objectives, and conduct a regular review of the Company's policies with the management team. In the selection process, fit and proper standards are to be applied on key officers and due consideration is given to integrity, technical expertise and experience in the Company's business, either current or planned (Explan., Reco.2.7);

37. 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;

38. Apply high ethical standards, taking into account the interests of all stakeholders (Princ.7);

39. Have the authority and discretion to come up with a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. If adopted, the Board Charter shall serve as a guide to the directors in the performance of their functions and should be made publicly available (Reco.2.11);


Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

1. To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions. A director with a material or potential interest in any transaction affecting the Company should fully disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction (Reco.5.7) Moreover, no director should participate in the determination of his own per diem or compensation (Reco.2.4);

2. To devote time and attention necessary to properly discharge his/her duties and responsibilities, including sufficient time to be familiar with the Company's business by (a) attending and actively participating in all meetings of the Board, Committees, and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes prevent them from doing so; and (b) reviewing Board and Committee meeting materials and if called for, ask the necessary questions or seek clarifications and explanations (Princ.4 & Reco.4.1);

3. To notify the Board before accepting a directorship in another company (Reco.4.3);

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4. To act judiciously;
5. To exercise independent judgment;
6. To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies;
7. To observe confidentiality; and
8. To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.

Board Meetings and Quorum Requirement


The members of the Board should attend the regular and special meetings of the Board in person or through teleconferencing conducted in accordance with the rules and regulations of the SEC. The Board should ensure that it is assisted in its duties by a Corporate Secretary (Reco.1.5).

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

To monitor the directors' compliance with the attendance requirements, the Company shall submit to the SEC, 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/her duties as a Director and how to discharge such duties) when he/she is first appointed to the Board of Directors. This would include an orientation-training program for first-time directors of at least eight (8) hours to ensure that incoming Directors are familiar with the Company's business and governance process. (Reco.1.3) The orientation

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program shall cover SEC-mandated topics on corporate governance and includes an introduction to the Company’s business, Articles of Incorporation and By-laws, and Code of Business Conduct and Ethics (Explan., Reco.1.3);

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;

3. Directors shall receive annual continuing training of at least four (4) hours to ensure that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. The training can be on any matter relevant to the Company, which could include training on audit, internal controls, risk management, sustainability and strategy. For corporate governance trainings, the trainings can be conducted by SEC Accredited Institutional Training Providers (Explan., Reco.1.3).

Chair and Chief Executive Officer

The Board should be headed by a competent and qualified Chairperson (Reco.1.2).

In the event that the positions of Chair and CEO are unified in one person, 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/her responsibilities as Chair under the by-laws of the Company, 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) Make certain that the meeting’s agenda focuses on strategic matters and contentious issues that will significantly affect the Company’s operational and financial performance (Explan.(a), Reco. 1.2);

3) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, to ensure that the Board will receive accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions, taking into consideration the suggestions of the Management and the Directors (Explan.(b), Reco 1.2);

4) Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors (Explan.(c), Reco.1.2);

5) Provide opportunity for the Board to sufficiently challenge and inquire on reports submitted and representations made by Management (Explan. (d), Reco. 1.2);

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6) Advises on the establishment of Board committees and their terms of reference (Explan. (e), Reco. 1.2) ;

7) Through the Corporate Secretary, ensure that the performance of the Board is evaluated at least once a year and discussed or followed up on if necessary (Explan.(f), Reco. 1.2); and


8) Maintain qualitative and timely lines of communication and information between the Board and Management.

The CEO has the following roles and responsibilities, among others:

1. Implement the Company’s strategic plan on the direction of the business;
2. Communicate and implement the Company’s vision, mission, values and overall strategy as formulated by the Board and promotes any organization or stakeholder change in accordance with the same;
3. Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan;
4. Have a good working knowledge of the Company’s and market and keep up-to-date with its core business purpose;
5. Direct, evaluate and guide the work of the key officers of the Company;
6. Manage the Company’s resources prudently and ensure a proper balance of the same;
7. Provide the Board with timely information and interfaces between the Board and the employees;
8. Build the corporate culture and motivate the employees of the Company; and
9. Serve as the link between internal operations and external stakeholders (Explan., Reco. 5.5).

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.

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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, subject to the modifications contained in the letter of explanation dated May 22, 2017 of the Chairman of the Board of Directors and Compliance Officer.


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 Company's By-Laws, except with respect to –

1. approval of any action for which shareholders' approval is also required;
2. the filing of vacancies on the Board or in the Executive Committee;
3. the amendment or repeal of By-Law or the adoption of new By-Laws;
4. the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
5. the distribution of cash dividends; and
6. the exercise of powers delegated by the Board exclusively to other committees, if any.

c) The Executive Committee shall likewise perform the additional functions and responsibilities contained in the letter of explanation dated May 22, 2017 of the Chairman of the Board of Directors and Compliance Officer. Such additional functions shall be as follows:

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1. Oversee 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 Company's size, complexity and business strategy, as well as its business and regulatory environments (Explan.(a), Reco.3.3);
2. Oversee the periodic performance evaluation of the Board and its committees as well as the executive management, and conducts an annual evaluation of the said performance (Explan. (b), Reco.3.3);
3. Ensure that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement (Explan. (c), Reco.3.3);
4. Recommend continuing education/training programs for directors, assignment of tasks/projects to Board committees, and succession plan for senior officers (Explan. (d), Reco.3.3);
5. Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance (Explan. (e), Reco.3.3); and
6. Propose and plan relevant trainings for the members of the Board (Explan. (f), Reco.3.3).

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 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

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Board of Directors is competent and will foster the long-term success of the Company 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; and
2. Directors will ensure a high standard of best practices for the Company 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:

1. 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 Company, as well as established guidelines on qualifications and disqualifications.
2. Recommend guidelines in the selection of nominees for directorships, determine the nomination and election process and define the general profile


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of Board members 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 in 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 (Explan.(g), Reco.3.3).
3. Ensure that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election and that the nomination and election process includes monitoring of the qualifications of the directors (Explan.(g),Reco.3.3 and Explan., Reco.2.5).
 4. 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.
 5. 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 Committee 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/her absence, the members present shall elect from among themselves one member to preside over the particular meeting.

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- 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.
- 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 Company:

Qualifications of a Member of the Board of Directors:


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

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- f. He/She shall possess the knowledge, skills, experience, and particularly in the case of non-executive directors (NEDs), the independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile (Explan.(1), Reco.2.5);
- g. He/She shall have a record of integrity and good repute (Explan. (2), Reco.2.5);
- h. He/She shall have sufficient time to carry out their responsibilities (Explan. (3), Reco.2.5); and
- i. He/She have the ability to promote a smooth interaction between Board members (Explan.(4), Reco.2.5).

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/her 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 SEC, Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company or as an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.
- c. The disqualification should also apply if (a) such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code of Philippines, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him/her from membership, participation or association with a member or participant of the organization;


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- d. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- e. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Revised Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
- f. Any person judicially declared as insolvent;
- g. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority for acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above;
- h. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violations of the Revised Corporation Code of the Philippines and Securities Regulation Code committed within five years prior to the date of his election or appointment; and
- i. Any person engaged in or connected with any business which competes with or is antagonistic to that of the Company. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged or connected:
 - a. If he/she is an officer, manager, director, consultant, controlling person of, or the owner (either of record or beneficially) of 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 Company;
 - b. If the Board, in the exercise of its judgment in good faith, determines by a majority vote that he/she is the nominee of any person set forth in the immediately preceding sub-paragraph (i); and

Other grounds as the SEC may provide pursuant to the provision of the Revised Corporation Code of the Philippines, Securities Regulation Code and other related laws (Explan., Reco. 2.5).

Temporary disqualifications:

- a. Refusal to fully disclose the extent of his/her business interest as required under the Securities Regulation Code and its Implementing Rules and

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Regulations. This disqualification shall be in effect as long as his/her refusal persists;

Absence in more than fifty percent (50%) of all regular and special meetings of the Board of Directors during his/her incumbency, or any 12-months period during the said incumbency, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous event (Explan., Reco. 4.1). The disqualification should apply for purposes of the succeeding election;

- b. Dismissal, termination or removal for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of secondary license from the SEC. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his/her dismissal, termination or removal;
- c. Being under preventive suspension by the Company;
- d. If the Independent Director becomes an officer or employee of the Company, he/she shall be automatically disqualified from being an independent director;
- e. If the beneficial equity ownership of an independent director (ID) in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an ID is lifted if the limit is later complied with; and
- f. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final (Explan., Reco. 2.5).


C. Remuneration and Compensation 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 Company successfully.

Organizational Status:

1. The Board of Directors establishes the Remuneration and Compensation Committee and appoints the members of the Committee.

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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.

Responsibilities:

1. 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 Company’s culture, strategy and control environment;
2. 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;
3. 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;
4. Disallow any Director to decide his or her own remuneration;
5. 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

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concerned with all statutory requirements that must be periodically met in their respective posts; and

6. Provide in the Company’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 SEC or other regulatory agency.

Meetings:

1. The Remuneration and Compensation Committee shall meet at least once a year, and as many times as it deems necessary.

2. The notice and agenda for each meeting shall be circulated to all Committee members before each meeting.

3. The Committee may invite other Directors and Executive Officers to attend any meeting.

4. The Chairman of the Committee shall preside in all the meetings of the Committee. In his/her absence, the members present shall elect from among themselves one member to preside over the particular meeting.


5. 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.

6. 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.

7. 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.

8. Minutes of each meeting is to be prepared and subsequently circulated to the committee members for approval.

9. The minutes of each Committee meeting shall be circulated to the Board of Directors and the Corporate Secretary for record purposes.

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10. 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 and Risk Management Committee

Mission:


1. The mission of the Audit and Risk Management Committee is to (a) assist the Board of Directors in its fiduciary responsibilities by providing an independent and objective assurance to the Company’s management and stakeholders in the continuous improvement of risk management systems, business operations and proper safeguarding and use of the Company’s resources and assets; (b) enhance its oversight capability over the company’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations (Reco.3.2); (c) oversee Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework; (d) ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets (Explan., Reco.3.2); (e) perform oversight functions over the Company’s Enterprise Risk Management (Reco.3.4) and (f) assist the Board in reviewing all material related party transactions of the Company (Explan.(o), Reco.3.2). The Audit and Risk Management Committee provides a general evaluation and gives assistance in the overall improvement of the risk management, control, and governance process of the Company.

Organizational Status:

1. The Board of Director establishes the Audit and Risk Management Committee and appoints the members of the Committee.

2. The Audit and Risk Management Committee reports to the Board of Directors.

3. The Audit and Risk Management Committee shall be composed of at least three (3) qualified non-executive Directors (Reco.3.2). The Board shall ensure that each member should have adequate competence and/or experience in financial management systems and environment to enable them to discharge their responsibilities.

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4. The Board of Directors shall appoint one of the Independent Directors as Committee Chairman. The Chairperson of the Audit and Risk Management Committee should not be the Chairperson of the Board or of any other committees (Reco.3.2).

5. The Audit and Risk Management Committee as a body shall have neither executive nor managerial powers and duties in the Company except those relating to the management of the Internal Auditor.

Purpose and Scope of Work:

The purpose of the Audit and Risk Management Committee is to lead the general evaluation and to provide assistance in the continuous improvement of the Company’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 and Risk Management Committee reviews the financial reports of the Company prior to the Board of Directors’ approval.


2. Risks are properly identified, evaluated and managed. The Audit and Risk Management 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 Company, and crisis management.

3. Audit activities of internal and external auditors are done per plan and deviations are explained. The Audit and Risk Management Committee performs direct interface functions with the internal and external auditors. The Committee reviews, evaluates, and approves the respective audit 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 as 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 Company.


Responsibilities:

The Audit and Risk Management Committee shall assist the Board of Directors in its fiduciary responsibility for the over-all effectiveness of risk management

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systems and both the internal and external audit functions of the Company. For this purpose, the Audit and Risk Management Committee shall:

1. Recommend the approval of the Internal Audit (IA) Charter, which formally defines the responsibilities, powers and authority of the IA Department, the audit plan of the IA Department, as well as oversee the implementation of the IA Charter (Explan.(a), Reco.3.2);
2. Evaluate and approve the Annual Audit Plans, programs, scope and frequency submitted by the Internal Auditor and External Auditor;
3. Recommend appropriate resources needed by the Internal Auditor to the Board of Directors;
4. Ensure that the Internal Auditor implements the Annual Auditor Plan in an effective, professional and timely manner;
5. Evaluate all significant issues reported by the Internal Audit and External Auditors relating to the adequacy, efficiency and, effectiveness of policies, controls, processes, and activities of the Company;
6. Raise to the Board of Directors these significant issues and failure of business unit or corporate center management to take remedial actions;
7. Monitor the Management's responsiveness to the Internal Auditor's findings and recommendation (Explan.(d), Reco.3.2);
8. Recommend any improvements in risk management systems and improvement in policies and procedures;
9. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit (Explan.(e), Reco.3.2);
10. Ensure that other non-audit work provided by the External Auditor is not in conflict with his/her functions as External Auditor. The Company shall disclose the nature of non-audit services performed by its external auditor in the Annual Report in the interest of managing potential conflict of interest cases. The Audit and Risk Management Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity (Reco.9.3). The External Auditor shall not at the same time provide the services of internal auditor to the Company;
11. Review the recommendations in 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 (Explan.(h), Reco.3.2);
12. Ensure the compliance of the Company with acceptable auditing and accounting standards and regulations;

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13. 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;

14. Have a robust process of approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit and Risk Management Committee and approved by the Board of Directors and the shareholders. For the removal or change in the external auditor, the reasons for removal or change should be disclosed to the SEC, the shareholders, and the public through the Company website and other required disclosures (Reco.9.1). The nominated External Auditor should enable an environment of good corporate governance as reflected in the Company's financial records and reports;


15. Organize an Internal Audit (IA) Department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;

16. Through the IA Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to: (a) safeguard the company resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations (Explan. (b), Reco.3.2);

17. Oversee the IA Department, and recommend the appointment and removal of an IA head as well as his qualifications, and grounds for appointment and removal. The Audit and Risk Management Committee should also approve the terms and conditions for outsourcing internal audit services, if applicable (Explan. (c), Reco.3.2);

18. Review and approve the Interim and Annual 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. Areas where a significant amount of judgment has been exercised;
- c. Significant adjustments resulting from audit;
- d. Going concern assumptions;
- e. Compliance with accounting standards; and
- f. Compliance with legal and regulatory requirements (Explan. (h), Reco.3.2);

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19. Coordinate, monitor and facilitate compliance with laws, rules and regulations;

20. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him/her and the Company's overall consultancy expenses. The Audit and Risk Management Committee should disallow any non-audit work that will conflict with the duties of an External Auditor or may pose a threat to his/her independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report (Explan.(f), Reco.3.2, and Reco.9.3). The Audit and Risk Management Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity (Reco. 9.3);

21. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee (Explan.(c), Reco.3.2);


22. Perform oversight functions over the Company's Internal and External Auditors and ensures their independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippine professional and regulatory requirements (Explan. (i), Reco.3.2);

23. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa) (Explan.(l), Reco.3.2);

24. The Audit and Risk Management Committee shall likewise perform the additional functions and responsibilities relating to related party transactions and risk oversight as contained in the letter of explanation dated May 22, 2017 of the Chairman of the Board of Directors and Compliance Officer, as follows:

a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors (Explan.(l), Reco. 3.2);

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

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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 (Explan.(m&n), Reco 3.2.). 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 Company 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 undertaken 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 (Explan. (n) Reco.3.2).

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 (Explan. (n) Reco.3.2);


d. Reports to 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 (Explan. (n) Reco.3.2);

e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process (Explan. (n) Reco.3.2);

f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs including a periodic review of RPT policies and procedures (Explan. (n) Reco.3.2).

The content of the RPT Policy shall be as follows:

- Identification of related parties;
- Coverage of RPT policy;
- Guidelines in ensuring arm's-length terms;
- Identification and prevention or management of potential or actual conflicts of interest which may arise;

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- Adoption of materiality thresholds, as well as internal limits for individual and aggregate exposures;
- Approval of material RPTs based on the company's materiality threshold; - complied
- Disclosure requirement of material RPTs;
- Self-assessment and periodic review of policy; - complied A & B of RPT Policy
- Whistle-blowing mechanisms; and
- Restitution of losses and other remedies for abusive RPTs (Explan., Reco. 2.6).

g. 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 (Explan.(a), Reco. 3.4);

h. Oversees the implementation of the enterprise risk management plan (Explan.(b), Reco.3.4);

i. 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;


j. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness (Explan.(c), Reco.3.4).

k. 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;

l. Advises the Board on its risk appetite levels and risk tolerance limits (Explan.(d), Reco.3.4);

m. 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 (Explan.(e), Reco.3.4);

n. Assesses 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 Company and its stakeholders (Explan.(f), Reco.3.4);

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o. Provides oversight over Management’s activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management (Explan. (g), Reco.3.4); and

p. 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 (Explan. (h), Reco.3.4).

The Audit and Risk Management Committee shall adopt an Audit and Risk Management Committee Charter which shall: (a) state in plain terms its purpose, membership, structure, operations, reporting processes, resources and other relevant information (b) provide standards for evaluating its performance, and (c) include a disclosure of its responsibility in assessing the integrity and independence of External Auditors and in exercising effective oversight to review and monitor the External Auditor’s independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. It should also contain the Audit and Risk Management Committee’s responsibility in reviewing and monitoring the External Auditor’s suitability and effectiveness on an annual basis. The Charter should be fully disclosed on the Company’s website (Reco.3.5; Reco.9.1 and Reco.9.2).

Meetings:

1. The Audit and Risk Management Committee shall meet at least once a year, and as many times as the Committee deems necessary.
2. The notice and agenda for each meeting shall be circulated to all Audit and Risk Management Committee members before each meeting.
3. The Committee may invite other Directors and Executive Officers to attend any meeting.
4. The Chairman of the Committee shall preside in all the meetings.
5. If an Independent Director is not present or if there is 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.
6. 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.
7. 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.
8. Minutes of each meeting is to be prepared and subsequently circulated to the Committee members for approval.
9. The minutes of each Committee meeting shall be circulated to the Board of Directors and the Corporate Secretary for record purposes.

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10. The 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.
11. The Committee shall meet with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meets with the head of the IA (Explan.(q) Reco.3.2).

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 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. Likewise, his/her loyalty to the mission, vision and specific business objectives of the corporate entity come with his/her duties. The Corporate Secretary is primarily responsible to the Company and its shareholders, and not to the Chairperson or President of the Company (Explan., Reco. 1.5).

The Corporate Secretary shall be a Filipino citizen. He/she may or may not be a member of the Board of Directors (as amended on October 4, 2021).


Considering his/her varied functions and duties, he/she must possess administrative and interpersonal skills. He/she must also have some financial, accounting and legal skills. If he/she is not at the same time the Company's legal counsel, he/she must keep abreast of relevant regulations, all governance issuances, industry developments and operations of the Company, and advises the Board and the Chairperson on all relevant issues as they arise (Explan. (c), Reco. 1.5). Further, he/she must have a working knowledge of the operations of the Company.

Duties and Responsibilities

- Gather and analyze all documents, records and other information essential to the conduct of his/her duties and responsibilities to the Company;

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- Safekeep and preserve the integrity of the minutes of the meetings of the Board, Board committees and shareholders, as well as other official records of the Company (Explan.(b), Reco.1.5);
- Assist the Board and the Board Committees in the conduct of their meetings (i.e. agenda setting, preparation of annual schedule of meetings and Board calendar) (Explan.(a), Reco.1.5);
- As to agenda, get a complete schedule thereof at least for the current year and inform members of the Board, in accordance with the by-laws, of the agenda of Board meetings at least five (5) working days before the date of the 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 (Explan. (f), Reco.1.5);
- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- Attend all Board meetings, except when justifiable causes prevent him from doing so (Explan. (g), Reco.1.5), and maintain record of such Board meetings;
- Work fairly and objectively with the Board, Management, stockholders and contribute to the flow of information between the Board and Management, the Board and its Committees, and the Board and its shareholders as well as other stakeholders (Explan.(d), Reco.1.5);
- Perform all required administrative functions pertaining to his position (Explan. (h), Reco.1.5);
- Oversee the drafting of the by-laws and ensure that they conform with regulatory requirements (Explan. (i), Reco. 1.5).
- Annually attend a training on corporate governance (Reco. 1.5);
- Submit to the SEC, 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;
- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer provided for under this Revised Manual; and

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- Performs such other duties and responsibilities as may be provided by the Board and the SEC (Explan.(j), Reco.1.5).

External Auditor

An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Company. The appointment of the external auditor shall be recommended by the Audit and Risk Management Committee and approved by the Board of Directors and the shareholders (Reco.9.1).

The Audit and Risk Management 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 Company failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Company to the external auditor before its submission.


The Board, after consultations with the Audit and Risk Management Committee, shall recommend to the stockholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Company, 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 Company, through the Audit and Risk Management Committee, shall ensure that other non-audit work of the external auditor does not conflict with his/her 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 Company, should be changed with the same frequency.

If an external auditor believes that the statements made in the Company's annual report, information statement or proxy statement filed with the SEC or any regulatory body during his/her engagement is incorrect or incomplete, he/she shall present his/her views in said reports.

Internal Auditor

The Company 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, as well as an independent and objective assurance, and consulting services designed to add value and improve the company's operations (Reco.12.2).

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The minimum internal control mechanisms for Management’s operational responsibility shall center on the CEO, being ultimately accountable for the Company’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 Company and consulting services, designed to add value and improve the Company’s operations. It helps the Company 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 and Management Risk 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.

The Company’s Internal Audit activity may be a fully resourced activity housed within the organization or may be outsourced to qualified independent third party service providers (Explan., Reco.12.2).

Purpose and Scope of Work:

The purpose of Internal Audit is to examine and evaluate whether the Company’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. Employees’ 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;


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5. Changes in functions, services, processes, and operations are properly evaluated;
6. Significant legislative or regulatory issues impacting the Company 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 Company’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; and
12. Continuous quality improvement is fostered in the business unit and corporate center’s control processes.

Responsibilities:

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

1. Provide an independent risk-based assurance service to the Board, Audit and Risk Management Committee, and Senior Management, focusing on reviewing the effectiveness of the governance and control processes in (a) promoting the right values and ethics, (b) ensuring effective performance management and accounting in the organization, (c) communicating risk and control information, and (d) coordinating the activities and information among the Board, external and internal auditors, and Senior Management (Explan.(a), Reco.12.2). Perform regular and special audit as contained in the Annual Audit Plan and/or based on the Company’s risk assessment (Explan.(b), Reco. 12.2);
2. Perform consulting and advisory services related to governance and control as appropriate for the organization (Explan.(c), Reco. 12.2);
3. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could significantly impact on the organization (Explan. (d), Reco. 12.2);
4. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the

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operations or programs are being carried out as planned (Explan. (f), Reco. 12.2);

5. Evaluate specific operations at the request of the Board or Management, as appropriate (Explan. (g), Reco. 12.2);

6. Monitor and evaluate governance processes (Explan. (h), Reco. 12.2);

7. Prepare a forward Strategic Plan to set the direction and approach of audits in the long term;

8. 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 and Risk Management Committee for approval;

9. Implement the approved Annual Audit Plan in an effective, professional, and timely manner;


10. 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 Company. As directed by or under the policies of the Audit and Risk Management Committee, furnishes auditees and /or any other member of management copies of the reports;

11. 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;

12. Draw attention to any failure to take remedial actions;

13. Report quarterly to the Audit and Risk Management 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;

14. Submit to the Audit and Risk Management 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 and Risk Management Committee. The annual report should include significant risk

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exposures, control issues and such other matters as may be needed or requested by the Board and Management;

15. Certify that he/she conducts his/her activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he/she does not, he/she shall disclose to the Board and Management the reasons why he/she has not fully complied with the said standards;

16. Keep the Audit and Risk Management Committee informed of emerging trends and successful practices in the field of internal audit;

17. Coordinate with external auditors and ensure that the audit works are complementary to optimize the cost;


18. Comply with standards, Codes of Conduct and Ethics that are promulgated by the relevant professional and regulatory bodies; and

19. Provide secretariat functions to the Audit and Risk Management Committee, subject to the modifications contained in the letter of explanation dated May 22, 2017 of the Chairman of the Board of Directors and Compliance Officer.

Authority:

Subject to the approval of the Audit and Risk Management 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 the Internal Audit Charter provided within policy and approved budget;
4. Have discussions with managers and employees of the Company 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 and Risk Management Committee; and
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/her to properly perform his/her 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 Board members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Company's expense.

NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Company should be socially responsible in all its dealings with the communities in which it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development (Princ.16).

The Company's value chain consists of inputs to the production process, the production process itself and the resulting output. Sustainable development means that the Company not only complies with existing regulations, but also voluntarily employs value chain processes which take into consideration economic, environmental, social and governance issues and concerns. In considering sustainability concerns, the Company plays an indispensable role alongside the government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change (Explan., Reco.16.1).

The Company shall have a clear and focused strategy on the disclosure of reportable non-financial and sustainability issues (Princ.10). The Company should disclose to all shareholders and other stakeholders its strategic (long-term goals) and operation objectives (short-term goals) as well as impacts of a wide range of sustainability issues, with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability (Reco.10.1).

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ENCOURAGING EMPLOYEES' PARTICIPATION

A mechanism for employee participation should be developed to create a symbiotic working environment consistent with the realization of the Company's objectives and good corporate governance goals (Reco.15.1).


The establishment of policies and programs covering, among others, the following: (1) health, safety and welfare of employees; (2) manpower training and development; and (3) employee reward/compensation, encourages employees to perform better and motivates them to take a more dynamic role in the Company. Active participation is further fostered when the Company recognizes the firm-specific skills of its employees and their potential contribution in the Company's corporate governance. The employees' viewpoint in certain key decisions may also be considered in governance processes through relevant programs (Explan., Reco. 15.1).

The adoption of an anti-corruption policy and program endeavors to mitigate corrupt practices such as, but not limited to, bribery, fraud, extortion, collusion, and money laundering. This encourages employees to report corrupt practices and outlines the procedures on how to combat, resist and stop these corrupt practices. Anti-corruption programs are more effective when the Board sets the tone and leads the Company in their execution (Explan. to Reco. 15.2).

PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The Company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for an informed decision-making by investors, stakeholders and other interested users (Princ.11). The Company should have a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public (Reco.11.1). The Company's website contain relevant reports and disclosures as may be required by the Securities and Exchange Commission and the Philippine Stock Exchange.

The Company's Investor Relations Office (IRO) shall ensure constant engagement and communication with its shareholders (Reco.13.5). The IR Officer should be present at every shareholders' meeting and shall provide an email address and telephone number to set up an avenue to receive feedback, complaints and queries from shareholders/members (Reco. 13.5; Explan., Reco.13.5).

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ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Company'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 and Risk Management 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 Company, 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 Company 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 Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
- (iv) The Company should consistently comply with the financial reporting requirements of the SEC.

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. The Company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights (Prin. 13). 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.

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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 participate in the approval of corporate acts in accordance with the Revised Corporation Code (Explan. (i), Reco. 13.1);
2. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting (Explan. (ii), Reco. 13.1);
3. Right to nominate candidates to the Board of Directors (Explan.(iii), Reco. 13.1);
4. Right to be informed of the nomination and removal process (Explan. (iv), Reco.13.1); and
5. Right to be informed of the voting procedures that would govern the Annual and Special Shareholders' Meeting (Explan.(v), Reco. 13.1);

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 Revised Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

D. Right to Information

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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.

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 Company 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 Company, 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 80 and Section 81 of the Revised Corporation Code of the Philippines.

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 active shareholder participation by sending the notice of annual and special shareholders' meetings with sufficient and relevant information at least 21 days before the meeting (Reco.13.2).

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 Company's By-Laws, as well as the right to propose

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items for discussion in the agenda provided the items relate directly to the business of the Company, as determined by the Chairman and Chief Executive Officer, and are in accordance with law, jurisprudence and best practice. The Board should encourage active shareholder participation by making the result of the votes on matters taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the Company website within five (5) business days from the date of the meeting (Reco. 13.3).


Voting results include a breakdown of the approving and dissenting votes on the matters raised during the Annual or Special Shareholders' Meeting. When a substantial number of votes have been cast against a proposal made by the Company, it may make an analysis of the reasons for the same and consider having a dialogue with its shareholders (Explan., Reco.13.3).

The minutes of the meeting includes the following matters: (1) A description of the voting and vote tabulation procedures used; (2) the opportunity given to shareholders to ask questions, as well as a record of the questions asked and the answers received; (3) the matters discussed and the resolutions reached; (4) a record of the voting results for each agenda item; (5) a list of the directors, officers and shareholders who attended the meeting; and (6) dissenting opinion on any agenda item that is considered significant in the discussion process (Explan., Reco.13.3).

REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY'S CORPORATE GOVERNANCE POLICIES

The Company 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 SEC by the responsible Committee or officer through the Company's Compliance Officer.
2. All material information, i.e., anything that could adversely affect the Company'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, which could adversely affect the viability or the interest of its shareholders and other stakeholders, board changes, related party transactions, shareholdings of directors and changes to ownership (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014). An independent party shall be appointed

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to evaluate the fairness of the transaction price on the acquisition or disposal of assets as may be required by applicable laws, rules and regulations (Explan.(d), Reco.8.3).

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 Philippine 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 Philippine Stock Exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders (as amended pursuant to SEC Memorandum Circular No. 9, Series of 2014).

6. The Company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the SEC and posted on the Company's website (Reco.8.3).

7. The Company should disclose all relevant information on its corporate governance policies and practices in the Annual Corporate Governance Report, which should be submitted to the SEC, and continuously updated and posted on the Company's website (Reco. 8.4).


COMMITMENT TO GOOD CORPORATE GOVERNANCE

1. The Company established this Revised Manual in accordance with SEC Memorandum Circular No. 24, series of 2019.

2. This Revised Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days upon written notice received by the Company at least five (5) days from the date of inspection.

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.


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.

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5. If necessary, funds shall be allocated by the Chief Financial Officer (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 Board should regularly carry out evaluation to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies (Princ.6). The Board should conduct an annual self-assessment of its performance (Reco.6.1). The Chairperson, individual members of the Board and the members of the Committees shall comply with such annual self-assessment.
4. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Company's annual report (SEC Form 17-A or SEC Form 20-IS) or in such form of report that is applicable to the Company. The adoption of such performance evaluation system must be covered by a Board approval.
5. The Revised Manual shall be subject to annual review unless a more frequent review is decided by the Board.
6. 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.

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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:

- a. In case of **first violation**, the subject person shall be reprimanded.
- a. 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.
- b. 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.

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


EDUARDO P. SANTOS
COMPLIANCE OFFICER