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## Premium Leisure Corp. PLC

**PSE Disclosure Form ACGR-2 - Update on Annual Corporate Governance Report**  
*Reference: Revised Code of Corporate Governance of the  
 Securities and Exchange Commission and SEC Memorandum Circular  
 No. 1 and 12 Series of 2014*

### Description of the Disclosure

We submit the updated Annual Corporate Governance Report and the Revised Manual on Corporate Governance of Premium Leisure Corp.

### Filed on behalf by:

|                    |  |
|--------------------|--|
| <b>Name</b>        | Atty. Elmer Serrano                            |
| <b>Designation</b> | Chief Information Officer & Compliance Officer |



108042016005824



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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### Company Information

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Company Type Stock Corporation

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S.E.C. Registration Number

PREMIUM LEISURE CORP.

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(Company's Full Name)

5 / F TOWER A TOWER CENTER, PALM

COAST AVE., MALL OF ASIA

COMPLEX, PASAY CITY

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

Atty. Elmer B. Serrano

Contact Person

687.1195

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Annual Corp. Governance Report and the Revised Manual on Corp. Governance

FORM TYPE

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Month Day

Annual Meeting

[Empty box]

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

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Amended Articles Number/Section

[Empty box]

Total No. of Stockholders

Total Amount of Borrowings

[Empty box]

Domestic

[Empty box]

Foreign

To be accompanied by SEC Personnel concerned

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**MARTINEZ VERGARA GONZALEZ & SERRANO**

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August 4, 2016

**SECURITIES AND EXCHANGE COMMISSION**  
SEC Building, EDSA, Greenhills  
Mandaluyong City, Metro Manila

Attention: **Dir. Vicente Graciano P. Felizmenio, Jr.**  
*Director, Markets and Securities Regulation Department*

Re: **Premium Leisure Corp.**  
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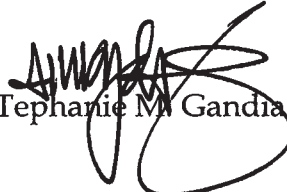
Gentlemen:

On behalf of our client, **Premium Leisure Corp. (the Company)**, we submit the updated Annual Corporate Governance Report and the Revised Manual on Corporate Governance of the Company.

We hope you find the enclosed documents in order.

Very truly yours,

  
Phil Ivan A. Chan

  
Tephania M. Gandia

Encl. a/s

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM – ACGR**  
**ANNUAL CORPORATE GOVERNANCE REPORT**

**GENERAL INSTRUCTIONS**

**(A) Use of Form ACGR**

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

**(B) Preparation of Report**

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

**(C) Signature and Filing of the Report**

- A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.


**(D) Filing an Amendment**

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year **2016**
  
2. Exact Name of Registrant as Specified in its Charter **PREMIUM LEISURE CORP.**
  
3. **5<sup>th</sup> Floor Tower A, Two E-Com Center, Palm Coast Avenue**  
**Mall of Asia Complex, CBP-1A, Pasay City, Metro Manila** **1300**  
Address of Principal Office Postal Code
  
4. SEC Identification Number **AS093-009289** 5.  (SEC Use Only)  
Industry Classification Code
  
6. BIR Tax Identification Number **003-457-827**
  
7. **(632) 662-8888**  
Issuer's Telephone number, including area code
  
8. **N.A.**  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

|   |   |
|---|---|
| Number of Directors per Articles of Incorporation | 7 |
|---|---|

|   |   |
|---|---|
| Actual number of Directors for the year | 7 |
|---|---|

#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

| Director's Name             | Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)] | If nominee, identify the principal | Nominator in the last election (if ID, state the relationship with the nominator) | Date first elected | Date last elected (if ID, state the number of years served as ID) | Elected when (Annual /Special Meeting) | No. of years served as director |
|-----------------------------|---|------------------------------------|---|--------------------|---|--|---------------------------------|
| Willy N. Ocier              | ED  |                                    | A. Bayani K. Tan  | 6/25/1999          | <u>4/25/2016</u>  | Annual                                 | <u>17</u>                       |
| Frederic C. DyBuncio        | ED  | SM Group                           | A. Bayani K. Tan  | 4/23/2012          | <u>4/25/2016</u>  | Annual                                 | <u>4</u>                        |
| A. Bayani K. Tan            | NED   |                                    | Willy N. Ocier  | 6/23/1998          | <u>4/25/2016</u>  | Annual                                 | <u>18</u>                       |
| Exequiel P. Villacorta, Jr. | NED   |                                    | A. Bayani K. Tan (not related)  | 7/18/2014          | <u>4/25/2016</u>  | Annual                                 | <u>2</u>                        |
| Joseph C. Tan               | ID  |                                    | A. Bayani K. Tan  | 7/18/2014          | <u>4/25/2016</u><br><u>(2 yrs)</u>                                | Annual                                 | <u>2</u>                        |
| Juan Victor S. Tanjuatco    | ID  |                                    | A. Bayani K. Tan  | 7/18/2014          | <u>4/25/2016</u><br><u>(2 yrs)</u>                                | Annual                                 | <u>2</u>                        |
| Roman Felipe S. Reyes       | ID  |                                    | A. Bayani K. Tan (not related)  | 7/18/2014          | <u>4/25/2016</u><br><u>(2 yrs)</u>                                | Annual                                 | <u>2</u>                        |

## PROFILES OF THE BOARD OF DIRECTORS

### Willy N. Ocier

Chairman and Director

*Date of first appointment – June 1999*

WILLY N. OCIER, 59, is the Chairman of the Board and Director of Premium Leisure Corp. same with APC Group, Inc., and Premium Leisure and Amusement, Inc.. He is one of the Co-Vice Chairman of Belle Corporation since June 1999. He is also the Vice Chairman of Highlands Prime, Inc. and Tagaytay Highlands International Golf Club, Inc. He is the Chairman, Chief Executive Officer and President of Philippine Global Communications, Inc. and likewise the Chairman and President of Pacific Online Systems Corporation. He is also the Chairman of Tagaytay Midlands Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge Inc. He sits as Director of Leisure and Resorts World Corporation, IVantage Equities, and Toyota Corporation Batangas. He was the former President and Chief Operating Officer of Eastern Securities Development Corporation. He graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics.

### Frederic C. DyBuncio

Executive Director

*Date of first appointment – April 2012*

MR. FREDERIC C. DYBUNCIO, 56, is the President, Chief Executive Officer and Director of Premium Leisure Corp, Belle Corporation and APC Group, Inc. He is the Vice Chairman and Director of Atlas Consolidated Mining and Development Corporation, and a Director of Pacific Online Systems Corporation. Concurrently, he is the Senior Vice President of Investments Portfolio of SM Investments Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions where he worked and lived in several major cities

including New York, Seoul, Bangkok, Hong Kong and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and finished a Master's degree in Business Administration program at Asian Institute of Management.

**A. Bayani K. Tan**

Non-Executive Director

*Date of first appointment – June 1998*

Mr. A. Bayani K. Tan, 60, Filipino, is a Director of the Corporation (since December 1993, Publicly-Listed). He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Asia United Bank Corporation (since February 2014 as Corporate Secretary\*, since June 2014 as Director\*, Publicly-Listed), Belle Corporation (since May 1994, Publicly Listed), Coal Asia Holdings, Inc. (since July 2012, Publicly-Listed), Destiny Financial Plans, Inc. (since 2003), Discovery World Corporation (since March 2013 as Director, since July 2003 as Corporate Secretary, Publicly-Listed), First Abacus Financial Holdings Corp. (since May 1994, Publicly Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Balanced Fund, Inc. (since March 2010), Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Dollar Income Fund, Inc. (since March 1999), Philequity Foreign Currency Fixed Income Fund, Inc. (since March 2010), Philequity Fund, Inc. (since June 1997), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Philequity Resources Fund, Inc. (since March 2010), Philequity Strategic Growth Fund, Inc. (since April 2008), TKC Metals Corporation (since February 2007, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Midlands Golf Club, Inc. (since June 1997), The Country Club at Tagaytay Highlands, Inc. (since August 1995), The Spa and Lodge at Tagaytay Highlands, Inc. (since December 1999) and Vantage Equities, Inc. (since January 1993, Publicly-Listed). Mr. Tan is also a Director and the Corporate Secretary of Sterling Bank of Asia Inc. (since December 2006). He is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny LendFund, Inc. (since December 2005) and Pascual Laboratories, Inc. (since March 2014), President of Catarman Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

Mr. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Mr. Tan passed the bar examinations in 1981 where he placed sixth. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

\*As approved by Bangko Sentral ng Pilipinas on December 29, 2014

**Roman Felipe S. Reyes**

Independent Director

*Date of first appointment – July 2014*

Mr. Reyes, 64, a Certified Public Accountant, is the Chairman of Reyes Tacandong & Co., and a member of the GSIS Board of Trustees since 2010. He serves as an Independent Director of Macawiwili Gold Mining And Development Co., Inc., Pakistan International Container Terminal Limited, Premium Leisure Corporation, Bank of Commerce, RPN 9, Philippine Geothermal Production Company, Pasudeco, All Asian Countertrade, National Reinsurance Corporation of the Philippines, and Rockwell Leisure Club. He is also a current Trustee of San Beda College, San Beda Alumni Association Foundation, and the Chairman of the Board of Governors of Nicanor Reyes Memorial Foundation. He was a Senior Partner and the Vice Chairman for Client Services and Accounts of SGV & Co. from 1984-2009, and the President of Knowledge Institute in 2009. Mr. Reyes earned his Bachelor of Science degree in Commerce, major in Accounting, from San Beda College in 1972, and obtained his MBA degree in Finance from the University of Detroit in 1975.

**Joseph C. Tan**

Independent Director

*Date of first appointment – July 2014*

Atty. Tan, 58, is the Founding Partner of MOST LAW. He is a Consultant Chairman of UCPB. He was formerly a Director of Philippine Bank of Communications and special counsel for Agus Cruz & Manzano Law Office. Atty. Tan holds a Bachelor of Arts degree in Business Administration from the University of San Francisco (USA) and a Bachelor of Laws degree from the Ateneo de Manila College of Law graduating with honors.

**Juan Victor S. Tanjuatco**

Independent Director

*Date of first appointment – July 2014*

Mr. Tanjuatco, 68, is an Independent Director of IP Ventures, Inc., and a Director of Ketmar Fast Food Corporation. Previously, he served in the same capacity on the board of Insular Savings Bank and Asiatrust Development Bank. A career banker, he was the former President of Export and Industry Bank and was assigned to various managerial and executive positions at Credit Agricole Indosuez where, after 21 years, he retired as Deputy General Manager in Manila. Mr. Tanjuatco holds a Bachelor of Arts Degree in Economics from the Ateneo de Manila University (cum laude) and a Masters in Business Administration, major in Finance, from the Wharton School, University of Pennsylvania.

**Exequiel P. Villacorta**

Non-Executive Director

*Date of first appointment – July 2014*

Mr. Villacorta, 70, is an elected Director of BDO Leasing and Finance, Inc. Prior to this position, he was a Director of Equitable PCI Bank, EBC Insurance Brokerage, and Maxicare Healthcare Corporation. He was the former Chairman of EBC Strategic Holdings Corporation, EBC Investments (now BDO Strategic Holdings), Jardine Equitable Finance Corporation, Strategic Property Holdings, PCIB Properties, Equitable Data Center, and PCI Automation Center. He was a past President and CEO of Banco De Oro Universal Bank and TA Bank of the Philippines, and was Vice President of the Private Development Corporation of the Philippines. He was Senior Adviser and BSP Controller of Equitable PCI Bank and PBCom, and Adviser to the Board of PCI Capital Corporation. Mr. Villacorta holds a Bachelor of Science degree in Business Administration from De La Salle University and a Master's degree in Business Management from the Asian Institute of Management.

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors, management and staff of Premium Leisure Corp. (PLC) commit themselves to an open governance process through which its shareholders may derive assurance that, in protecting and adding value to PLC's financial and human investment, the Company is being managed ethically, according to prudently determined risk perimeters, and striving to achieve local best practices. The Revised Manual on Corporate Governance institutionalizes the principles of good corporate governance in the entire company. The Company believes that corporate governance is of utmost importance to the Company's shareholders, and will therefore undertake every effort possible to create awareness throughout the entire organization.

In addition, the Company's Code of Business Conduct and Ethics serves as a guiding principle for the Company's directors, officers and employees in the performance of their duties and responsibilities and in their transactions with investors, creditors, customers, contractors, suppliers, regulators and the public. The Code reflects the Company's mission, vision and core values. The salient provisions of the Code pertain to compliance and integrity, relationship with business partners, employee welfare, shareholder rights and protection of company information.

Some of the important provisions of the Code are as follows:

- All employees are required to immediately report to the management all suspected or actual fraudulent or dishonest acts.
- Solicitation or acceptance of gifts in any form from any business partner is prohibited, except for gifts of nominal value.
- Any conflict of interest must be promptly disclosed to the management.
- All employees are prohibited from disclosing vital business information, unless authorized by the company or required by law.
- Insider trading is prohibited.
- Directors and key officers are required to disclose their dealings of company shares within three (3) business days.

Changes in policies and additional policies have been introduced in 2016 and these are as follows:

- Adoption of Term Limit for Independent Directors pursuant to SEC Memorandum Circular 9, Series of 2011;
- Adoption of Board Diversity Policy;
- Adoption of Policy on Limit on number of Board seats held by Independent Directors in publicly listed companies;
- Adoption on Policy for the Board to meet regularly, and for no less than six (6) times a year;
- Adoption of Policy on determining a quorum of the meeting where 2/3 of the directors' presence is required
- Creation of Related Party Transactions Committee

The Company website is regularly updated for the benefit of the shareholders, stakeholders and the public. Copies of the policies and contact information of the responsible officers for investor relations and shareholders' concerns.

#### Board of Directors

Premium Leisure Corp.'s commitment to the principles of good corporate governance emanate from the Board of Directors. In line with this commitment is the Board's primary responsibility to foster the long term success of the Company and secure its sustained competitiveness consistent with its fiduciary responsibility and in a manner that ensures the best interests of the Company, its shareholders and its stakeholders.

#### Board Committees

To help focus on specific corporate governance responsibilities, the Board created seven (7) committees, namely the Executive Committee, the Compensation and Remuneration Committee, the Nomination Committee, the Audit Committee, the Risk Management Committee, the Corporate Governance Committee and the Related Party Transactions Committee.

The Executive Committee oversees the management of the Company and is responsible for the Company's strategies, goals, operations, finances, and policies.

The Compensation and Remuneration Committee is tasked with the oversight of policies on salaries and benefits, as well as promotions and other forms of career advancement. The Committee also reviews existing human resource policies to ensure the continued growth and development of the Company's workforce.

The Nomination Committee evaluates all candidates nominated to the Board in accordance with the requirements set forth by the Company's Revised Manual on Corporate Governance. The Committee ensures that those nominated to the Board meet all the qualifications for directorship.

The Audit Committee directly interfaces with the internal and external auditors in the conduct of their duties and responsibilities. Its mandate includes the review of the Company's financial reports and subsequent recommendation to the Board for approval. The Committee also reviews the Company's internal control systems, its audit plans, auditing processes and related party transactions.

Under its Charter, the Risk Management Committee reviews and assesses the effectiveness of the Company's risk management system in the mitigation of financial and non-financial risks.

The Corporate Governance Committee reviews the Company's continual process of good corporate governance, as well as providing approaches and advices for development, and tasking management to look into the evolving ASEAN Corporate Governance initiative from the regulators and advocacy groups to see what other enhancements can be properly pursued.

*The Related Party Transactions (RPT) Committee assesses material agreements with related parties to ensure that the RPT transactions are conducted at market rates and on an arm's length basis. For this purpose, transactions amounting to Php50M and above, per year per related party, shall be considered material and are subjected for review of the RPT Committee prior to Board approval and management execution.*

#### Rights of Stockholders

The Company's Revised Manual on Corporate Governance expressly provides for the protection of its stockholders' rights and minority interests. The Board is committed to respect the following rights of the stockholders:

##### Right to Nominate

Shareholders, whether majority or minority, shall have the right to nominate candidates for seats in the Board of Directors who must have the qualifications and none of the disqualifications of Directors as stated in the Company's Revised Manual for Corporate Governance.

##### Voting Right

- Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code of the Philippines.
- Cumulative voting shall be used in the election of directors.
- A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

##### Power of Inspection

- The Company shall allow all stockholders to inspect books and records of the Company including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours.
- Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions.

##### Right to Information

- The Board shall ensure that all material information about the Company which could adversely affect its viability or the interests of the shareholders shall be publicly and timely disclosed through established procedures of the Philippine Stock Exchange (PSE) and Philippine Securities and Exchange Commission (SEC).
- Upon request, the Company shall provide the stockholders with periodic reports and information about 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.
- The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- The minority shareholders shall have access to all information relating matters for which the management is accountable and to those relating to matters for which the management should include in such information. If not included the minority shareholders can propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes."

### Right to Dividends

- Subject to the discretion of the Board, all stockholders shall have the right to receive dividends.
- Dividends shall be paid to all shareholders within thirty (30) days from declaration.
- The Board of Directors adopted, as a matter of policy, that the Corporation shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration the availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of cash, operating results of its businesses/subsidiaries, working capital needs and long term capital expenditures of its businesses/subsidiaries, and regulatory requirements on dividend payments, among others.

### Appraisal Right

- The stockholders shall have appraisal right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code, under any of the following circumstances:
  - a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
  - b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code.
  - c. In case of merger or consolidation.

### Disclosure and Transparency

To ensure that stakeholders receive timely and accurate information on the Company and its business, the Company has formally adopted a policy of full and prompt disclosure of all material information. The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and the PSE. Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE or the Company website. The Company website is regularly updated to ensure prompt disclosures.

In addition, the Revised Manual on Corporate Governance provides that minority shareholders shall be given the right to:

- a. Propose the holding of a meeting and the items in the agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice; and
- b. Have access to any and all information relating to matters for which the Management is accountable, and to those relating to matters for which the Management shall include such information.

Further, the Company's Code of Business Conduct and Ethics, provides the following to protect the rights of the shareholders:

- a. adoption of corporate governance practices, strategies and plans with the end in view of increasing shareholder value
  - b. maintenance of complete and accurate records of all financial and business transactions in accordance with laws and regulation governing financial reporting and generally accepted accounting principles to provide the basis for the report it discloses to its shareholders regarding the Company's results of operations and financial position
  - c. ensuring an independent audit of its financial statements by external auditors
- (c) How often does the Board review and approve the vision and mission?

The Company reviews its vision, mission and core values annually. The Board of Directors reviewed the Company's vision, mission and core values in its meeting conducted on October 30, 2015.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>1</sup>

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

|   | Corporate Name of the Group Company      | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman. |
|---|--|--|
| Willy N. Ocier  | Belle Corporation                        | Executive Director (Vice-Chairman)   |
|   | Metropolitan Leisure & Tourism Corp      | Executive Director (Chairman)  |
|   | Parallax Resources, Inc.                 | Non-Executive Director (Chairman)  |
|   | SLW Development Corporation              | Non-Executive Director (Chairman)  |
|   | PremiumLeisure and Amusement, Inc.       | Non-Executive Director (Chairman)  |
|   | Highland Gardens Corporation             | Executive Director (Chairman)  |
|   | Woodland Development Corporation         | Executive Director   |
|   | Belle Bay City Corporation               | Non-Executive Director (Chairman)  |
|   | Pacific Online Systems Corporation       | Executive Director (Chairman)  |
|   | Highlands Prime, Inc.                    | Non-Executive Director (Vice-Chair)  |
|   | Belle Bay Plaza Corporation              | Non-Executive Director (Chairman)  |
|   | APC Group, Inc.                          | Non-Executive Director (Chairman)  |
|   | Sinophil Leisure and Resorts Corp.       | Non-Executive Director (Chairman)  |
|   | Foundation Capital Resources, Inc.       | Non-Executive Director (Chairman)  |
|   | Tagaytay Highlands Intl Golf Club, Inc.  | Non-Executive Director (Vice-Chair)  |
|   | The Country Club Tagaytay Highlands      | Non-Executive Director (Chairman)  |
|   | Tagaytay Midlands Golf Club, Inc.        | Non-Executive Director (Chairman)  |
|   | The Spa and Lodge, Inc.                  | Non-Executive Director (Chairman)  |
| Frederic C. DyBuncio                                  | Philippine Global Communications         | Executive Director (Chairman)  |
|   | China Banking Corporation                | Non-Executive Director   |
|   | Atlas Consolidated Mining & Dev Corp     | Non-Executive Director   |
|   | Belle Corporation                        | Executive Director, President & CEO  |
|   | Pacific Online Systems Corporation       | Non-Executive Director   |
|   | Premium Leisure and Amusement, Inc       | Non-Executive Director   |
|   | APC Group, Inc.                          | Executive Director   |
|   | Parallax Resources, Inc.                 | Non-Executive Director   |
|   | SLW Development Corporation              | Non-Executive Director   |
|   | Metropolitan Leisure & Tourism Corp.     | Non-Executive Director   |
|   | Sinophil Leisure & Resorts Corp.         | Non-Executive Director   |
|   | Foundation Capital Resources, Inc.       | Non-Executive Director   |
| Woodland Development Corporation                      | Non-Executive Director                   |  |
| Atlas Consolidated Mining and Development Corporation | Non-Executive Director (Vice-Chairman)   |  |
| Tagaytay Highlands Int'l Golf Club                    | Non-Executive Director                   |  |
| A. Bayani K. Tan                                      | Pacific Online Systems Corporation       | Non-Executive Director   |
|   | Tagaytay Highlands Int'l Golf Club, Inc. | Non-Executive Director   |
|   | Tagaytay Midlands Golf Club, Inc.        | Non-Executive Director   |
|   | Country Club Tagaytay Highlands, Inc.    | Non-Executive Director   |
|   | The Spa and Lodge at Tagaytay            | Non-Executive Director   |

<sup>1</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

## (ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

| Director's Name             | Name of Listed Company                              | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman. |
|-----------------------------|---|--|
| Willy N. Ocier              | Leisure & Resorts World Corporation                 | Non-Executive Director   |
|                             | Vantage Equities, Inc.                              | Non-Executive Director   |
| A. Bayani K. Tan            | <u>Discovery World Corporation</u>                  | <u>Non-Executive Director</u>  |
|                             | First Abacus Financial Holdings Corp.               | Non-Executive Director   |
|                             | TKC <u>Metals</u> Corporation                       | Non-Executive Director   |
|                             | Coal Asia Holdings, Inc.                            | Non-Executive Director   |
|                             | Asia United Bank Corporation                        | Non-Executive Director   |
|                             | I-Remit, Inc.                                       | Non-Executive Director   |
| Exequiel P. Villacorta, Jr. | BDO Leasing & Finance                               | Non-Executive Director   |
| Juan Victor S. Tanjuatco    | Export & Industry Bank, Inc.                        | Executive Director   |
|                             | IP E-Game Ventures, Inc.                            | Non-Executive Director   |
| Roman Felipe S. Reyes       | National Reinsurance Corporation of the Philippines | Non-Executive Director   |

## (iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

| Director's Name      | Name of the Significant Shareholder | Description of the relationship        |
|----------------------|-------------------------------------|--|
| Willy N. Ocier       | Belle Corporation                   | With common set of directors /officers |
| Frederic C. DyBuncio |                                     |  |

## (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

|                        | Guidelines  | Maximum Number of Directorships in other companies |
|------------------------|---|--|
| Executive Director     | <u>Independent directors may hold up to five (5) simultaneous board seats at any one time. In any case, the capacity of directors to serve with diligence shall not be compromised.</u> |  |
| Non-Executive Director |   |  |
| CEO                    |   |  |

## (e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

| Name of Director       | Number of Shares held 01.01.2015 | Acquisition + | Disposition - | Number of Shares held 12.31.2015 | Acquisition +     | Disposition - | Number of Shares held 06.30.2016 | % of ownership |
|------------------------|----------------------------------|---------------|---------------|----------------------------------|-------------------|---------------|----------------------------------|----------------|
| Willy N. Ocier         | 16,888,001                       | 0             | 0             | 16,888,001                       | <u>22,000,000</u> | <u>0</u>      | <u>38,888,001</u>                | <u>0.123%</u>  |
| Frederic C. DyBuncio   | 1                                | 0             | 0             | 1                                | 0                 | 0             | 1                                | 0.000%         |
| A. Bayani K. Tan       | 2                                | 0             | 0             | 2                                | 0                 | 0             | 2                                | 0.000%         |
| Exequiel P. Villacorta | 500,001                          | 0             | 0             | 500,001                          | 0                 | 0             | 500,001                          | 0.002%         |



| Name of Director         | Number of Shares held 01.01.2015 | Acquisition + | Disposition - | Number of Shares held 12.31.2015 | Acquisition + | Disposition - | Number of Shares held 06.30.2016 | % of ownership |
|--------------------------|----------------------------------|---------------|---------------|----------------------------------|---------------|---------------|----------------------------------|----------------|
| Joseph C. Tan            | 1                                | 0             | 0             | 1                                | 0             | 0             | 1                                | 0.000%         |
| Juan Victor S. Tanjuatco | 1                                | 0             | 0             | 1                                | 0             | 0             | 1                                | 0.000%         |
| Roman Felipe S. Reyes    | 1                                | 0             | 0             | 1                                | 0             | 0             | 1                                | 0.000%         |
| TOTAL                    | 17,388,008                       | 0             | 0             | 17,388,008                       | 22,000,000    | 0             | 39,388,008                       | 0.125%         |

*NOTE: In compliance with the Securities Regulation Code (Chapter VI – Protection of Shareholders, under Section 23 – Transactions of Directors, Officers and Principal Stockholders), the Company’s Directors and Officers shall file a statement with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) within ten (10) days after any change in ownership of securities.*

*As stated in the Company’s Insider Trading Policy, which is an Annex to its Revised Manual on Corporate Governance, Directors, officers and employees are strictly prohibited from trading in Belle shares five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results and any other material information. Directors and key officers are required to disclose their dealings of company shares within three (3) business days.*

2) Chairman and President

- (a) Do different persons assume the role of Chairman of the Board of Directors and President? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes  No

Identify the Chair and CEO:

|                       |                      |
|-----------------------|----------------------|
| Chairman of the Board | Willy N. Ocier       |
| President             | Frederic C. DyBuncio |

- (b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and President.

|                  | Chairman  | President  |
|------------------|---|--|
| Role             | <ul style="list-style-type: none"> <li><u>The Chairman presides at all meetings of the Board of Directors and stockholders</u></li> </ul>   | <ul style="list-style-type: none"> <li><u>The Chief Executive Officer is the President of the Company. Subject to the control of the Board of Directors, he supervises and controls all of the business and affairs of the Company.</u></li> </ul>   |
| Accountabilities | <ul style="list-style-type: none"> <li><u>Ensures that the meetings of the Board are held in accordance with the By-Laws or as the Chairman shall deem necessary</u></li> <li><u>Supervise the preparation of the agenda of each meeting of the Board, the Shareholders, and any of the committees of the Board with the Corporate Secretary, taking into account the suggestions of the President and CEO, Management and the other directors</u></li> <li><u>Maintain qualitative and timely lines of communication and information between the Board and Management</u></li> </ul> | <p><u>The President shall have the following powers and duties:</u></p> <ul style="list-style-type: none"> <li><u>Ensure that the administrative and operational policies of the Corporation are carried out under the direction and control of the Chairman of the Board and Chief Executive Officer.</u></li> <li><u>Have general supervision of the business, affairs and property of the Corporation, and over its employees and officers.</u></li> <li><u>Recommend to the Chairman of the Board and the Board of Directors specific projects for the attainment of corporate objectives and policies.</u></li> </ul> |

|              | Chairman  | President  |
|--------------|---|--|
|              | <ul style="list-style-type: none"> <li>▪ <u>Preside at all meetings of stockholders and directors;</u></li> <li>▪ <u>Have general supervision and administration of the affairs of the Corporation;</u></li> <li>▪ <u>Initiate and develop corporate objectives and policies and formulate long range projects, plans, and programs for the approval of the Board;</u></li> <li>▪ <u>Carry out the resolutions of the Board and represent the Corporation at all function and proceedings; and</u></li> <li>▪ <u>Perform such other duties that are incident to his office or are entrusted to him by the Board.</u></li> </ul> | <ul style="list-style-type: none"> <li>▪ <u>Sign and cause the signatures of Certificates of Stock.</u></li> <li>▪ <u>See that all orders and resolutions of the Board are carried into effect.</u></li> <li>▪ <u>Submit to the Board as soon as possible after the close of each fiscal year and to the stockholders at the annual meeting, a complete report of the results of operations of the Corporation for the preceding year, and the state of its affairs.</u></li> <li>▪ <u>Report to the Board from time to time all matters within its knowledge which the interest of the Corporation may require to be brought to their notice.</u></li> <li>▪ <u>Exercise such powers and duties and perform such duties commonly incident to and vested in the President of a Corporation and which the Board or Chairman of the Board may, from time to time assign to him;</u></li> <li>▪ <u>The President may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s), subject always to his supervision and control.</u></li> </ul> |
| Deliverables | <ul style="list-style-type: none"> <li>▪ Identify areas for improvement of the members of the Board, such as training / continuing education programs or any other form of assistance that the directors may need in the performance of their duties</li> <li>▪ Evaluate and enhance the support services given to the Board, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings and their accessibility to management and the Corporate Secretary</li> </ul>  | <ul style="list-style-type: none"> <li>▪ <u>Ensure that the goals and objectives of the Company which were agreed upon during the Annual Strategic Planning are met.</u></li> <li>▪ <u>Stress further on our core values of leadership, integrity, hard work, innovation, sustainability and accountability across all business units.</u></li> <li>▪ <u>Update and align our Corporate Governance Manual towards best practice.</u></li> <li>▪ <u>Implementation of matters approved by the Board of Directors and shareholders.</u></li> </ul>   |

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Company's Amended By-Laws state that in the absence or disability of the President, the most senior Vice-President who is also a director shall perform the duties and exercise the powers of the President.

Succession plan for top key management positions will be monitored and addressed by the Company's Nomination Committee as part of its committee programs to improve effective governance for the coming year. The Committee shall adhere to the "Fit and Proper Rule" standards to determine whether an individual is fit and proper to hold key management positions within the Company, which shall include, but not be limited to, standards on integrity, experience, education, training and competence. Once evaluated, the recommendation is presented to the Board for discussion and consideration.

4) Other Executive, Non-Executive and Independent Directors  
Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

YES. The Company values, promotes, and observes a policy on diversity in the composition of its Board. Diversity in age, gender, ethnicity, experience, field expertise, and personal qualities shall be considered by the Board as it installs a process of selection to ensure a mix of competent directors and key officers.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

YES. All candidates nominated to become a member of the Board shall be assessed and evaluated by the Nomination Committee in accordance with the qualifications provided for in the Corporation Code, the Securities Regulation Code, and other relevant laws. The Nomination Committee shall also consider the following factors, among others, in determining the fitness of a nominee to the Board:

- a) college education or equivalent academic degree;
- b) involvement in the gaming industry business;
- c) practical understanding of the business of the Company;
- d) membership in good standing in relevant industry, business, or professional organizations; and,
- e) previous business experience.

The Company in fact has a Non-Executive Director who has a significant understanding and experience in gaming business in the country.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

|                  | Executive   | Non-Executive  | Independent Director   |
|------------------|---|--|--|
| Role             | <ul style="list-style-type: none"> <li>▪ Oversee the management of the Company and be responsible for the Company's finances, goals and policies</li> <li>▪ Foster the long-term success of the Company and sustain its competitiveness and profitability</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Monitor compliance with policies and achievement against objectives through regular reports to the Board by management</li> <li>▪ Constructively challenge and contribute to the development of strategy</li> </ul> | <ul style="list-style-type: none"> <li>▪ Monitor compliance with policies and achievement against objectives through regular reports to the Board by management</li> <li>▪ Constructively challenge and contribute to the development of strategy</li> </ul> |
| Accountabilities | <p><u>Under the Revised Manual on Corporate Governance, the Board of Directors' general responsibilities are as follows:</u></p> <ul style="list-style-type: none"> <li>• <u>Install a process of selection to ensure a mix of competent directors and officers, regardless of age, gender, race and religion;</u></li> <li>• <u>Determine and regularly review, together with Management, the Corporation's vision, mission, goals and strategies;</u></li> <li>• <u>Determine and oversee the implementation of the strategies and plans to carry out the Corporation's objectives as Management's over-all performance is regularly appraised;</u></li> <li>• <u>Institute a plan of succession for key Management positions in the Corporation;</u></li> <li>• <u>Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;</u></li> <li>• <u>Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relation with them through an effective investor relations program;</u></li> <li>• <u>To identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them.</u></li> <li>• <u>Adopt a system of internal checks and balances;</u></li> <li>• <u>Identify and monitor with due diligence key risk areas and key performance indicators, and manage the</u></li> </ul> |  |  |

|              | Executive   | Non-Executive  | Independent Director   |
|--------------|---|--|--|
|              | <p><u>same especially those categorized as having high impact with high probability of occurrence:</u></p> <ul style="list-style-type: none"> <li>• <u>Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations;</u></li> <li>• <u>Formulate and implement policies to ensure the integrity of related party transactions between and among the company and its related companies, business associates, major stockholders, officers, directors and their spouses, children, dependent siblings and parents, and of interlocking director relationships;</u></li> <li>• <u>Establish and maintain an alternative dispute resolution system to settle conflicts between the Corporation and its stockholders or other third parties, including regulatory authorities, and</u></li> <li>• <u>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.</u></li> </ul> <p><u>Each director shall also:</u></p> <ul style="list-style-type: none"> <li>• <u>Conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions.</u></li> <li>• <u>Devote time and attention necessary to properly discharge duties and responsibilities.</u></li> <li>• <u>Act judiciously.</u></li> <li>• <u>Exercise independent judgment.</u></li> <li>• <u>Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.</u></li> <li>• <u>Observe confidentiality.</u></li> <li>• <u>Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment; and</u></li> <li>• <u>Attend before assumption of office and annually thereafter a seminar on corporate governance conducted by a duly recognized private or government institute.</u></li> </ul> |  |  |
| Deliverables | <ul style="list-style-type: none"> <li>▪ Periodically review the Company's vision, mission, strategies, plans, and annual budget and continuously monitor the implementation of such policies and strategies</li> <li>▪ Institutionalize the risk management assessment process and continuously monitor key risk areas and performance indicators with due diligence</li> <li>▪ Institute good corporate governance practices and ensure effective communication with all employees for acknowledgment and strict compliance</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Ensure annual performance appraisal of individual directors, the board as a whole, board committees and the President, and periodically review the criteria used in assessing such performance</li> <li>▪ Formulate succession plans for top key management positions and review such plan on a regular basis</li> <li>▪ Identify areas for improvement of the members of the Board, such as training/continuing education programs or any other form of assistance that directors may need in the performance of their duties</li> </ul> | <ul style="list-style-type: none"> <li>▪ Implement the action plans made based on the results of the self-assessment conducted following the guideline set forth by SEC Memorandum Circular No. 4</li> <li>▪ Review and assess the effectiveness of the Company's risk management system in the mitigation of financial and non-financial risks</li> <li>▪ Review the Company's continual process of good corporate governance and update the Company's Manual on Corporate Governance</li> <li>▪ Meet at least once a year without the presence of</li> </ul> |

|  | Executive   | Non-Executive   | Independent Director                      |
|--|---|---|---|
|  | <ul style="list-style-type: none"> <li>▪ Define policies and plans regarding corporate social responsibility (CSR), including formulating an action plan for publicizing and promoting awareness of CSR among all officers and employees</li> </ul> | <ul style="list-style-type: none"> <li>▪ Meet at least once a year without the presence of executive directors and senior management</li> </ul> | executive directors and senior management |

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company defines independence as "independence from management, substantial shareholdings and material relations, whether it be business or otherwise, which could reasonably be perceived to impede the performance of independent judgment."

In addition, in accordance with SEC Securities Regulation Code (SRC) Rule 38, an independent director is any person who:

- a) Is not a director or officer of the company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
- b) Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders;
- c) Is not related to any director, officer or substantial shareholder of the covered company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- d) Is not acting as a nominee or representative of any director or substantial shareholder of the company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- e) Has not been employed in any executive capacity by the company, any of its related companies and/or by any of its substantial shareholders within the last five (5) years;
- f) Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the company, any of its related companies and/or any of its substantial shareholders, within the last five (5) years; or
- g) Has not engaged and does not engage in any transaction with the company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.

The nomination, pre-screening and election of independent directors were made in compliance with the Company's definition and the requirements of the Code of Corporate Governance and SRC Rule 38. The Nomination Committee has determined that the nominees for independent directors possess all of the qualifications and none of the disqualifications for independent directors.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company follows the term limits for Independent Directors as provided under SEC Memorandum Circular No. 9, Series of 2011 and SEC Advisories dated March 15, 2015 and March 31, 2016 stating that the Company's Independent Directors (IDs) may serve the Board for a period of five (5) consecutive years, followed by a cooling-off period of two (2) years, assuming the Company wishes to bring back the IDs for another four (4) years. After completing a total of nine (9) years, the IDs shall be barred from serving as Independent Directors.

However, if there are no suitable replacements, the said IDs may be re-elected for another four (4) years, at which time, they may no longer be qualified as Independent Directors for the same company.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

| Name  | Position | Date of Cessation | Reason |
|---|----------|-------------------|--------|
| NONE. There were no changes in the composition of the Board of Directors in 2015. |          |                   |        |

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

| Procedure                    | Process Adopted   | Criteria   |
|------------------------------|---|--|
| a. Selection/Appointment     |   |  |
| (i) Executive Directors      | Members of the Board of Directors are nominated through the Nomination Committee and elected at the annual meeting of the stockholders to serve for a term of one (1) year until their successors are duly elected and qualified.<br><br>Nomination of directors shall be conducted by the Nomination Committee prior to a stockholders' meeting.<br><br>As contained in its Charter, the Nomination Committee may engage the services of a professional search firm to look for candidates to the Board of Directors.<br><br>All nominations shall be submitted to the Nomination Committee by any stockholder of record on or before January 30 of each year to allow the Nomination Committee sufficient time to assess and evaluate the qualifications of the nominees.<br><br>All recommendations for the nomination of independent director shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be-nominees.<br><br>After the nomination, the Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement | The Company's Amended By-Laws mandate that each director shall possess all of the following qualifications:<br><br>(a) a holder of at least one (1) share of stock of the Company;<br><br>(b) at least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business;<br><br>(c) of legal age; and<br><br>(d) shall have proven to possess integrity and probity.<br><br>In addition, under the Company's Revised Manual on Corporate Governance, the Nomination Committee also considers the following factors in determining the fitness of a nominee to the Board:<br><br>(a) college education or equivalent academic degree;<br><br>(b) practical understanding of the business of the Company;<br><br>(c) involvement in the gaming industry business<br><br>(d) membership in good standing in relevant industry, business, or professional organizations; and,<br><br>(e) previous business experience. |
| (ii) Non-Executive Directors |   |  |
| (iii) Independent Directors  |   | In addition to the foregoing qualifications, a   |

| Procedure | Process Adopted   | Criteria  |
|-----------|---|---|
|           | <p>or Proxy Statement, or in such other reports as the Corporation will be required to submit to the SEC.</p> <p>The name of the person or group of persons who recommended the nomination of the independent director(s) shall be identified in such report including any relationship with the nominee.</p> <p>Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained after the List of Candidates have been prepared and finalized. No further nominations for election as director shall be entertained or allowed on the floor during the annual stockholders' meeting.</p> <p>Based on the Final List of Candidates, Directors are elected individually. Each shareholder may vote such number of shares for as many persons he may choose to be elected from the Final List, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of Directors to be elected.</p> | <p>director nominated and elected as independent shall likewise meet the following requirements:</p> <ul style="list-style-type: none"> <li>(i) He is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing.</li> <li>(ii) He does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders.</li> <li>(iii) He is not a relative to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister.</li> <li>(iv) He is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement.</li> <li>(v) He has not been employed in any executive capacity by the Company, any of its related companies, and/or any of its substantial shareholders within the last five (5) years.</li> <li>(vi) He is not retained as professional adviser by the Company, and/or any of its related companies and/or any of its substantial shareholders within the last five (5) years.</li> <li>(vii) He is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, either personally or through his firm.</li> <li>(viii) He has not engaged and does not engage in any transaction with the Company and /or with any of its related companies and/or with any of its substantial shareholders, whether</li> </ul> |

| Procedure                            | Process Adopted  | Criteria   |
|--------------------------------------|--|--|
|                                      |  | by himself and/or with other persons and/or through a firm of which he is a partner and/or company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial. |
| <b>b. Re-appointment</b>             |  |  |
| (i) Executive Directors              | Same process and criteria as Selection/Appointment of Executive Directors, Non-Executive Directors and Independent Directors, respectively, for their re-appointment.  |  |
| (ii) Non-Executive Directors         |  |  |
| (iii) Independent Directors          |  |  |
| <b>c. Permanent Disqualification</b> |  |  |
| (i) Executive Directors              | <p>The Nomination Committee shortlists, assesses and evaluates all candidates nominated to become a member of the Board in accordance with the qualification and disqualification criteria set out in the Revised Manual on Corporate Governance.</p> <p>Any vacancy occurring in the Board of Directors by reason of death, resignation, retirement or disqualification may be filled by the affirmative vote of a majority of the remaining directors constituting a quorum, upon the nomination of the Nomination Committee, provided, that specific slots for independent directors shall not be filled by unqualified nominees. A director elected to fill a vacancy shall be elected for the expired terms of his predecessor in office.</p>   |  |
| (ii) Non-Executive Directors         |  |  |
| (iii) Independent Directors          |  |  |
|                                      | <p>The following shall be grounds for the permanent disqualification of a director:</p> <p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in the sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>(iii) The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking, or suspending any</p> |  |



| Procedure | Process Adopted | Criteria   |
|-----------|-----------------|--|
|           |                 | <p>registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member participant of the organization;</p> <p>(iv) 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;</p> <p>(v) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p> <p>(vi) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vii) Any person judicially declared to be insolvent;</p> <p>(viii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;</p> <p>(ix) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation code committed within five (5) years prior to the date of his election or appointment.</p> |

| Procedure  | Process Adopted  | Criteria   |
|--|--|--|
| <b>d. Temporary Disqualification</b>   |  |  |
| (i) Executive Directors<br>(ii) Non-Executive Directors<br>(iii) Independent Directors | <p>The Nomination Committee shortlists, assesses and evaluates all candidates nominated to become a member of the Board in accordance with the qualification and disqualification criteria set out in the Revised Manual on Corporate Governance.</p> <p>A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p> | <p>The Board provides for the temporary disqualification or suspension of a director for the following reasons:</p> <p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.</p> <p>(ii) Absence in more than fifty (50) percent of all regular and special meeting of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>(iii) Dismissal or termination for cause as director of any corporation covered by the SEC's Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>(iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> |
| <b>e. Removal</b>  |  |  |
| (i) Executive Directors<br>(ii) Non-Executive Directors<br>(iii) Independent Directors | Same process and criteria as Permanent/Temporary Disqualification of Executive Directors, Non-executive Directors and Independent Directors, respectively, for their removal.  |  |
| <b>f. Re-instatement</b>   |  |  |
| (i) Executive Directors<br>(ii) Non-Executive Directors<br>(iii) Independent Directors | Same process and criteria as Selection/Appointment of Executive Directors, Non-executive Directors and Independent Directors, respectively, for their re-instatement.  |  |
| <b>g. Suspension</b>   |  |  |
| (i) Executive Directors<br>(ii) Non-Executive Directors<br>(iii) Independent Directors | Same process and criteria as Permanent/Temporary Disqualification of Executive Directors, Non-executive Directors and Independent Directors, respectively, for their suspension.   |  |

Voting Result of the last Annual General Meeting on 25 April 2016:

| Name of Director                   | Votes in Favor        | % to Total Voting Shares | Votes Against | Abstain  |
|------------------------------------|-----------------------|--------------------------|---------------|----------|
| <u>Willy N. Ocier</u>              | <u>26,749,926,205</u> | <u>84.58%</u>            | <u>0</u>      | <u>0</u> |
| <u>Frederic C. DyBuncio</u>        | <u>26,749,926,205</u> | <u>84.58%</u>            | <u>0</u>      | <u>0</u> |
| <u>A. Bayani K. Tan</u>            | <u>26,749,926,205</u> | <u>84.58%</u>            | <u>0</u>      | <u>0</u> |
| <u>Exequiel P. Villacorta, Jr.</u> | <u>26,749,926,205</u> | <u>84.58%</u>            | <u>0</u>      | <u>0</u> |
| <u>Joseph C. Tan</u>               | <u>26,749,926,205</u> | <u>84.58%</u>            | <u>0</u>      | <u>0</u> |
| <u>Juan Victor S. Tanjuatco</u>    | <u>26,749,926,205</u> | <u>84.58%</u>            | <u>0</u>      | <u>0</u> |
| <u>Roman Felipe S. Reyes</u>       | <u>26,749,926,205</u> | <u>84.58%</u>            | <u>0</u>      | <u>0</u> |

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

Under the Revised Manual on Corporate Governance, all newly-elected members of the Board of Directors shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute, provided that they have not previously attended such seminar. Thereafter, all members of the Board of Directors and key officers of the Company shall attend a program on corporate governance at least once a year, as required by SEC.

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>2</sup> for the past three (3) years

| <u>Name of Director/Officer</u>    | <u>Date of Training</u> | <u>Program</u>                               | <u>Name of Training Institution</u>                      |
|------------------------------------|-------------------------|--|--|
| <u>Exequiel P. Villacorta, Jr.</u> | <u>12-Nov-2015</u>      | <u>Corporate Governance</u>                  | <u>Institute of Corporate Directors</u>                  |
| <u>A Bayani K. Tan</u>             | <u>8-Sep-2015</u>       | <u>Corporate Governance</u>                  | <u>Institute of Corporate Directors</u>                  |
| <u>Exequiel P. Villacorta, Jr.</u> | <u>24-Aug-2015</u>      | <u>Distinguished Corp Governance Speaker</u> | <u>Institute of Corporate Directors</u>                  |
| <u>Willy N. Ocier</u>              | <u>5-Aug-2015</u>       | <u>ASEAN Corporate Governance Score Card</u> | <u>Institute of Corporate Directors</u>                  |
| <u>Frederic C. DyBuncio</u>        |                         |  |  |
| <u>Juan Victor S. Tanjuatco</u>    |                         |  |  |
| <u>Armin B. Raquel-Santos</u>      |                         |  |  |
| <u>Jackson T. Ongsip</u>           |                         |  |  |
| <u>Roman Felipe S. Reyes</u>       | <u>29-Apr-15</u>        | <u>Corporate Governance</u>                  | <u>Institute of Corporate Directors</u>                  |
| <u>Joseph C. Tan</u>               | <u>31-Mar-15</u>        | <u>Corporate Governance</u>                  | <u>Risks, Opportunities, Assessment &amp; Mgt., Inc.</u> |
| <u>Juan Victor S. Tanjuatco</u>    | <u>20-Nov-14</u>        | <u>Workshop on Corporate Governance</u>      | <u>Institute of Corporate Directors</u>                  |
| <u>Exequiel P. Villacorta, Jr.</u> |                         |  |  |
| <u>Joseph C. Tan</u>               | <u>28-Oct-14</u>        | <u>Workshop on Corporate Governance</u>      | <u>Risks, Opportunities, Assessment &amp; Mgt., Inc.</u> |
| <u>Willy N. Ocier</u>              | <u>26-May-14</u>        | <u>Workshop on Corporate Governance</u>      | <u>Institute of Corporate Directors</u>                  |
| <u>Frederic C. DyBuncio</u>        |                         |  |  |
| <u>A. Bayani K. Tan</u>            |                         |  |  |
| <u>Jackson T. Ongsip</u>           |                         |  |  |

<sup>2</sup> Senior Management refers to the President and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

| <u>Name of Director/Officer</u> | <u>Date of Training</u> | <u>Program</u>              | <u>Name of Training Institution</u>       |
|---------------------------------|-------------------------|-----------------------------|---|
| <u>Roman Felipe S. Reyes</u>    | <u>14-May-14</u>        | <u>Corporate Governance</u> | <u>Phil. Securities Consultancy Corp.</u> |

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

| Name of Director/Officer    | Date of Training | Program                               | Name of Training Institution                  |
|-----------------------------|------------------|---------------------------------------|---|
| Exequiel P. Villacorta, Jr. | 12-Nov-2015      | Corporate Governance                  | Institute of Corporate Directors              |
| A Bayani K. Tan             | 8-Sep-2015       | Corporate Governance                  | Institute of Corporate Directors              |
| Exequiel P. Villacorta, Jr. | 24-Aug-2015      | Distinguished Corp Governance Speaker | Institute of Corporate Directors              |
| Willy N. Ocier              | 5-Aug-2015       | ASEAN Corporate Governance Score Card | Institute of Corporate Directors              |
| Frederic C. DyBuncio        |                  |                                       |   |
| Juan Victor S. Tanjuatco    |                  |                                       |   |
| Roman Felipe S. Reyes       | 29-Apr-15        | Corporate Governance                  | Institute of Corporate Directors              |
| Joseph C. Tan               | 31-Mar-15        | Corporate Governance                  | Risks, Opportunities, Assessment & Mgt., Inc. |

## B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

| Business Conduct & Ethics                 | Directors   | Senior Management | Employees |
|---|---|-------------------|-----------|
| (a) Conflict of Interest                  | <p>The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment. All directors, officers and employees are required to promptly disclose any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of management.</p> <p>All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.</p> <p>The Company's Conflict of Interest policy defines a conflict as a situation wherein a director, officer or employee has or appears to have a direct or indirect personal interest in any transaction, which may deter or influence him from acting in the best interests of the Company. Any director, officer or employee involved in an actual or potential conflict of interest is required to immediately disclose said conflict to the Company.</p> <p><u>Directors shall inhibit themselves from participating in any discussion, deliberation and decision-making concerning any issue or transaction where they may be conflicted.</u></p> |                   |           |
| (b) Conduct of Business and Fair Dealings | <p>All directors, officers and employees shall at all times observe propriety and act with fairness and transparency in dealing with business partners (i.e., contractors, suppliers, creditors and other entities that engage in business with the Company). They must adhere to the Company's principles of healthy competition, equal opportunity and fair treatment of business partners.</p>   |                   |           |

| Business Conduct & Ethics                                   | Directors   | Senior Management | Employees |
|---|---|-------------------|-----------|
|   | All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.  |                   |           |
| (c) Receipt of gifts from third parties                     | <p>The Company prohibits the solicitation or acceptance of gifts in any form from a business partner (i.e., contractors, suppliers, banks and other entities engaged in business with the Company), directly or indirectly, by any director, officer or employee of the Company.</p> <p>The term "gift" covers anything of value, such as but not limited to cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel entertainment, sponsorship of personal events, use of property owned by business partners, whether for personal or business use.</p> <p>However, a director, officer or employee may accept corporate give-aways, tokens or promotional items of nominal values, provided that the gift is voluntarily given by a third person without any suggestion or solicitation, as a souvenir or out of courtesy, and provided further that the approximate value of the gifts does not exceed Two Thousand Pesos (Php2,000.00). If the value of the gift exceeds Php2,000.00, it should not be accepted and returned to the giver immediately.</p> <p>In situations where it is deemed improper to refuse a gift, the issue shall be referred to Management for proper disposition.</p>            |                   |           |
| (d) Compliance with Laws & Regulations                      | <p>The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All directors, officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to management. The Company shall promptly investigate any suspected illegality and pursue appropriate administrative, civil and/or criminal actions.</p>  |                   |           |
| (e) Respect for Trade Secrets/Use of Non-public Information | <p>All directors, officers and employees shall maintain and safeguard the confidentiality of information relating to the Company. Vital business information, such as financial reports, strategies and plans, shall not be disclosed unless authorized by the Company or required by law. Everyone shall ensure the accuracy of business information and protect the integrity of corporate records and other documents related to the operation of the Company.</p> <p>All directors, officers and employees are prohibited from trading shares of stock of the Company using material information that has not been disclosed to the public and obtained by reason of position, contact within or other relationship with the Company.</p> <p>As stated in the Company's Insider Trading Policy, which is an Annex to its Revised Manual on Corporate Governance, Directors, officers and employees are strictly prohibited from trading in Belle shares five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results and any other material information. Directors and key officers are required to disclose their dealings of company shares within three (3) business days.</p> |                   |           |
| (f) Use of Company Funds, Assets and Information            | All directors, officers and employees shall maintain and safeguard the confidentiality of information relating to the Company. Vital business information, such as financial reports, strategies and plans, shall not be disclosed unless authorized by the Company or required by law. Everyone shall ensure the accuracy of business information and protect the integrity of corporate records and other documents related to the operation of the Company.  |                   |           |
| (g) Employment & Labor Laws & Policies                      | <p>All officers and employees shall be selected, engaged and compensated based on qualification, merit and performance. They shall be treated fairly and accorded respect and dignity. Their individual and collective rights shall not be violated.</p> <p>The Company shall maintain a safe, productive and conducive workplace and environment and comply with all applicable health, safety and environmental laws. It shall foster harmonious</p>  |                   |           |

| Business Conduct & Ethics | Directors   | Senior Management | Employees |
|---------------------------|---|-------------------|-----------|
|                           | <p>relations among its officers and employees and establish free and honest communication with them.</p> <p>The Company endeavors to provide career advancement through a clearly defined promotion system based on employees' competencies, major contributions and accomplishments, work attitude and interpersonal relationship. The Company shall also offer its employees continuous learning sessions, seminars and workshops to improve and increase their level of competency, efficiency and general well-being.</p>   |                   |           |
| (h) Disciplinary action   | <p>All directors, officers and employees of the Company commit to comply with both the letter and spirit of the Code of Business Conduct and Ethics to preserve the goodwill and reputation of the Company. The Human Resources and Governance and Corporate Affairs Departments are responsible for monitoring compliance with the Code of Business Conduct and Ethics.</p> <p>Disciplinary action or penalties shall be imposed immediately or as soon as possible after the offense has been established. Due process of law and the right to a prompt hearing will be accorded to the employee. Disciplinary actions should in no instance be violative of labor laws and fair practices.</p>   |                   |           |
| (i) Whistle Blower        | <p>The Company's whistle blower policy was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any stakeholder may submit an incident report on suspected or actual violations of the Code of Business Conduct and Ethics and Discipline or any other applicable law or regulation. Upon receipt of an incident report, management is tasked to conduct an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. Anyone who in good faith reports a violation of the Code or policies or law shall not be retaliated upon or suffer harassment or adverse employment consequence.</p> <p>Upon the request of the complainant, the Company shall use its best efforts to protect the confidentiality of the complainant for any good faith report. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.</p> <p><u>Reporting may be done anonymously through the Employee's Manager or the Human Resources or the Governance and Corporate Affairs Departments.</u></p> <p>The Company's whistleblowing policy, referred to as the Policy on Accountability, Integrity and Vigilance (PAIV), was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any director, officer or employee may accomplish an incident report on suspected or actual violations of the Code of Business Conduct and Ethics, the Company's Code of Conduct or any other applicable law or regulation. Upon receipt of an incident report, Management conducts an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. A compilation of concluded reports is periodically presented to the Audit Committee and the Risk Management Committee.</p> <p><b>POLICY ON ACCOUNTABILITY, INTEGRITY, AND VIGILANCE</b></p> <p><b>A. Rationale and General Policy</b><br/> Consistent with the Company's core values of Integrity and Accountability, it expects its directors, officers, employees and contract workers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities at all times inside and outside the Company.</p> <p>Everyone is expected to help and work towards creating an environment where concerns can be raised for possible violations of our Code of Business Conduct and Ethics, policies and laws so they can be resolved sooner than later.</p> |                   |           |

| Business Conduct & Ethics                          | Directors   | Senior Management | Employees |
|--|---|-------------------|-----------|
|  | <p><b>B. Reporting Mandate</b><br/>It is the responsibility of all directors, officers, employees and contract workers to comply with and to report violations or suspected violations of the Code of Business Conduct and Ethics, policies, or laws in accordance with this policy.</p> <p><b>C. Reporting in Good Faith</b><br/>Anyone filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code, policies, or law. Any allegations that prove not to be substantiated and have been made maliciously or with knowledge that they were false will be treated as a serious disciplinary offense. Any good faith report, concern or complaint is fully protected by this policy, even if the report, question or concern is, after investigation, not substantiated.</p> <p><b>D. No Retaliation</b><br/>Anyone who in good faith reports a violation of the Code or policies, or law shall not be retaliated upon or suffer harassment or adverse employment consequence.</p> <p><b>E. The Escalation Process of Raising Concerns</b><br/>Violations or suspected violations of Company policies can be escalated to any of the following:<br/>1. The Head of HR<br/>2. The Head of Internal Audit<br/>3. The Head of Corporate Governance</p> <p>Above executives shall acknowledge receipt of complaints in writing within 24 hours from receipt of same.</p> <p><b>F. Confidentiality</b><br/>Upon the request of the complainant, the Company will use its best efforts to protect the confidentiality of the complainant for any good faith report. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.<br/>Concerns raised anonymously shall not be entertained.</p> <p><b>G. Handling of Reported Violations</b><br/>The Company's Code of Business Conduct and Ethics, and other relevant rules and regulations, shall serve as guide in determining the penalties and sanctions to be imposed by HR where violations are proven and validated by Internal Audit Group. The principle of due process shall be observed in the handling of all cases. The Audit Committee and the Risk Management Committee shall be informed of all such complaints or reports and their status to be rendered by the Compliance Officer.</p> |                   |           |
| (j) Conflict Resolution                            | <p>Disciplinary action or penalties shall be imposed immediately or as soon as possible after the offense has been established. Due process of law and the right to a prompt hearing will be accorded to the employee. Disciplinary actions should in no instance be violative of labor laws and fair practices.</p>  |                   |           |
| (k) Accreditation of Vendors and Suppliers Process | <p>Premium Leisure Corp. (PLC) purchases its goods and services through its subsidiary, PremiumLeisure &amp; Amusement, Inc. (PLAI). This is done in accordance with professionalism and sound business practice to obtain value for money by incurring the lowest costs to address the Company's needs in terms of quality and service.</p> <p>The authority to buy is vested in PLAI. It is mainly responsible for the following:</p> <ul style="list-style-type: none"> <li>- issuance of Purchase Requests to which each order shall conform to the required signatories based on the latest authority protocol policy;</li> <li>- verification that all allocations are approved and budgeted in the current fiscal year;</li> <li>- verify that the funds are available and that the appropriate budget department's approval is secured</li> </ul>   |                   |           |

| Business Conduct & Ethics                 | Directors  | Senior Management | Employees |
|---|--|-------------------|-----------|
|   | <p>It should on the other hand be provided with accurate specifications at the time request of purchase is made as well as ample lead time for bidding and processing of orders. It shall verify all delivered orders for accuracy and completeness.</p> <p>A Bidding Committee shall be set up by PLAI Management for the procurement of big-ticket items.</p> <p>Only accredited vendors are awarded contracts. Vendors to be accredited should be corporations, which are required to submit their latest General Information Sheet, duly accomplished Accreditation Form, Code of Business Conduct and Ethics, Disclosure Form and accreditation summary. The officers, owners or employees of the corporation to be accredited should not be connected up to the 3<sup>rd</sup> degree of consanguinity and affinity to any officers or employees of PLAI or PLC.</p> <p>PLAI shall be the control point for all the goods received. Original invoices are required in order to facilitate payment process. All contracts or agreement documents shall be reviewed and approved by the Legal Department.</p> <p>For computer hardware, audio-visual equipment, etc., the Group's IT Department must be consulted for pre-configuration and installation.</p> <p>This policy will be subject to review by the Executive Committee annually.</p>  |                   |           |
| (l) Related Party Transactions            | <p>The Company practices full disclosure of details of related party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.</p> <p>The Company conducts all related party transactions on an arm's length basis. In addition, a periodic assessment is made on the following:</p> <ul style="list-style-type: none"> <li>▪ Collectability of receivables from related parties and the necessity to provide allowance for doubtful accounts for such receivables</li> <li>▪ Market and financial risks faced by related parties</li> <li>▪ Guarantees issued to or received from related parties</li> <li>▪ Financial and economic soundness of related party transactions (e.g., receivables and payables, cash placements and loans, investments in shares of stock, management/service fees, etc.)</li> </ul> <p><i><u>The Related Party Transactions (RPT) Committee assesses material agreements with related parties to ensure that the RPT transactions are conducted at market rates and on an arm's length basis. For this purpose, transactions amounting considered material and are subject for review of the RPT Committee prior to Board approval and management execution.</u></i></p> <p>Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit Committee and the Risk Management Committee to <u>confirm that</u> all related-party transactions <u>are conducted</u> at market <u>rate and at</u> arm's length basis.</p> |                   |           |
| (m) Alternative Dispute Resolution System | <p>A neutral third party participates to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p> <p>Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>There were no conflicts between the corporation and its stockholders, the corporation and third parties, and the corporation and regulatory authorities, for the last three years.</p>  |                   |           |



2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

YES. All directors, officers and employees are given a copy of the Company’s Manual on Corporate Governance and Code of Business Conduct and Ethics and Discipline and are required to sign an Acknowledgement Receipt that will be kept as part of the employee’s 201 file. Further, copies of the Code of Business Conduct and Ethics as well the Company policies have been uploaded to the company website for easy reference.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company’s policy on Accountability, Integrity and Vigilance was crafted to promote the observance of high standards of business and personal ethics in the conduct of the directors, officers, employees and contract workers’ duties and responsibilities at all times. The policy is meant to create an environment where concerns may be raised for possible violations of the Company’s Code of Business Conduct and Ethics, polices and laws so they can be resolved earlier.

Under this policy, any stakeholder may submit an incident report on suspected or actual violations of the Code of Business Conduct and Ethics or any other applicable laws or regulations. Upon receipt of the incident report, Management is tasked to conduct an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. Anyone who in good faith reports a violation of the code or policies or law shall not be retaliated upon or suffer harassment or adverse employment consequence. A compilation of concluded reports is periodically presented to the Audit Committee.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company’s policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

| Related Party Transactions                                   | Policies and Procedures  |
|--|--|
| (1) Parent Company   | <p>The Company practices full disclosure of details of related party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.</p> <p>The Company conducts all related party transactions on an arm’s length basis. In addition, a periodic assessment is made on the following:</p> <ul style="list-style-type: none"> <li>▪ Collectability of receivables from related parties and the necessity to provide allowance for doubtful accounts for such receivables</li> <li>▪ Market and financial risks faced by related parties</li> <li>▪ Guarantees issued to or received from related parties</li> <li>▪ Financial and economic soundness of related party transactions (e.g., receivables and payables, cash placements and loans, investments in shares of stock, management/service fees, etc.)</li> </ul> <p><u>The Related Party Transactions (RPT) Committee assesses material agreements with related parties to ensure that the RPT transactions are conducted at market rates and on an arm’s length basis. For this purpose, transactions amounting to PhpXXX and above, per year per related party, shall be considered material and are subjected for review of the RPT Committee prior to Board approval and management execution.</u></p> |
| (2) Joint Ventures   |  |
| (3) Subsidiaries   |  |
| (4) Entities Under Common Control                            |  |
| (5) Substantial Stockholders                                 |  |
| (6) Officers including spouse/children/siblings/parents      |  |
| (7) Directors including spouse/children/siblings/parents     |  |
| (8) Interlocking director relationship of Board of Directors |  |

|  |   |
|--|---|
|  | Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit <u>Committee</u> and <u>the Risk Management Committee</u> <u>to confirm that all related-party transactions are conducted at market rate and at arm's length basis.</u> |
|--|---|

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

The Company has no instance of or probable conflict of interest to which directors, officers or significant shareholders may be involved.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

| Directors/Officers/Significant Shareholders |  |
|---|--|
| Company Group                               | <p>The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment. All directors, officers and employees are required to promptly disclose any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of management.</p> <p>All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.</p> <p>Further, all directors, officers and employees should inhibit oneself from the processing and approval of transactions when conflicted.</p> <p>Any member of the Board is required to abstain from participating in discussions on a particular agenda when conflicted. One should avoid situations that may compromise his impartiality, and should an actual or potential conflict of interest arise, he should fully and immediately disclose the same.</p> <p>In addition, the Company practices full disclosure of details of related party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.</p> <p>Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit Committee and the Risk Management Committee.</p> <p>The Company strictly enforces the Policy on Accountability, Integrity and Vigilance, its Code of Business Conduct and Ethics.</p> |

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>3</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

| Names of Related Significant Shareholders  | Type of Relationship | Brief Description of the Relationship |
|--|----------------------|---------------------------------------|
| NONE. There are no family, commercial, contractual or business relations that exists between the holders of significant equity (5% or more) for Y2015. |                      |                                       |

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

| Names of Related Significant Shareholders  | Type of Relationship | Brief Description                     |
|--|----------------------|---------------------------------------|
| <ul style="list-style-type: none"> <li>▪ Belle Corporation</li> <li>▪ Premium Leisure Corp.</li> </ul> | Business             | With common set of directors/officers |

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

| Name of Shareholders  | % of Capital Stock affected (Parties) | Brief Description of the Transaction |
|---|---------------------------------------|--------------------------------------|
| NONE. There are no shareholder arrangements which may impact the control, ownership and strategic direction of the Company <i>for Y2015</i> . |                                       |                                      |

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

|                                      | Alternative Dispute Resolution System   |
|--------------------------------------|---|
| Corporation & Stockholders           | <p>A neutral third party participates to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p> <p>Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>There were no conflicts between the corporation and its stockholders, the corporation and third parties, and the corporation and regulatory authorities, for the last three years.</p> |
| Corporation & Third Parties          |   |
| Corporation & Regulatory Authorities |   |

<sup>3</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

### C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

YES. Meetings of the Board of Directors are usually scheduled in the month following each quarter-end, and the schedule is finalized subject to the availability of the directors. Additional meetings are scheduled as the need arises.

- 2) Attendance of Directors:

| Board       | Name                        | Date of Election | No. of Meetings Held during the year | No. of Meetings Attended | %    |
|-------------|-----------------------------|------------------|--------------------------------------|--------------------------|------|
| Chairman    | Willy N. Ocier              | April 27, 2015   | 6                                    | 5                        | 83%  |
| Member      | Frederic D. DyBuncio        | April 27, 2015   | 6                                    | 6                        | 100% |
| Member      | Exequiel P. Villacorta, Jr. | April 27, 2015   | 6                                    | 6                        | 100% |
| Member      | A. Bayani K. Tan            | April 27, 2015   | 6                                    | 5                        | 83%  |
| Independent | Joseph C. Tan               | April 27, 2015   | 6                                    | 5                        | 83%  |
| Independent | Juan Victor S. Tanjuatco    | April 27, 2015   | 6                                    | 5                        | 83%  |
| Independent | Roman Felipe S. Reyes       | April 27, 2015   | 6                                    | 5                        | 83%  |

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

YES. A separate meeting of non-executive directors was held on December 10, 2015 as part of their program to improve effective governance for the coming year.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Yes, the minimum quorum requirement for Board decisions is set at two-thirds of board members. The act of two-thirds of the Board of Directors present at each meeting shall render all Board decisions to be considered approved.

- 5) Access to Information

- (a) How many days in advance are board papers<sup>4</sup> for board of directors meetings provided to the board?

Board papers for Board of Directors' meetings are provided to the directors at least five (5) business days before the meeting.

- (b) Do board members have independent access to Management and the Corporate Secretary?

YES. Board members have independent access to management and the Corporate Secretary.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Under the Company's Revised Manual on Corporate Governance, the Corporate Secretary has the following duties and responsibilities:

- 1) Be responsible for the safekeeping and preservation of the integrity of minutes of the meeting of the Board and its committees, as well as other official records of the Company.
- 2) Work fairly and objectively with the Board, management and stockholders.

<sup>4</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- 3) Have appropriate administrative and interpersonal skills.
  - 4) If he is not at the same time the Company's legal counsel, to be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities.
  - 5) Have a working knowledge of the operations of the Company.
  - 6) Inform that members of the Board, or of the committees of the Board, as the case may be, in accordance with the By-Laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
  - 7) Attend all Board meetings except when justifiable causes, such as illness, death in the immediate family and serious accidents prevent him from doing so.
  - 8) Ensure that all Board and Committee procedures, rules and regulations are strictly followed by members.
  - 9) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the SEC's Code of Corporate Governance.
- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

YES. The Corporate Secretary, Atty. Elmer B. Serrano, was appointed during the Annual Stockholders' Meeting last April 25, 2016. He holds a Juris Doctorate and a Bachelor of Science degree in Legal Management from the Ateneo de Manila University, and is a member of the Integrated Bar of the Philippines.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes  No

| Committee                           | Details of the procedures  |
|-------------------------------------|--|
| Executive                           | To enable the Board and each Board Committee to properly fulfill their duties and responsibilities, they are provided with complete and timely information about the matters in the agenda of the meetings. Directors are given independent access to management and the Corporate Secretary and they can freely communicate with them through email or telephone. |
| Audit                               |  |
| Risk Management                     |  |
| Nomination                          |  |
| Remuneration                        |  |
| Others – Corporate Governance       |  |
| Others – Related Party Transactions | The Committee Members may request for additional information thru the Corporate Secretary of Management, if necessary.   |

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

| Procedures   | Details   |
|--|---|
| The Board of Directors and each Board Committee may obtain external professional advice and expertise to assist them in the accomplishment of their responsibilities and duties. | <u>For example, item 4.5 of the Audit Committee Charter authorizes the Committee to obtain external professional advice and expertise if so required. Likewise, Section 6 of the Compensation &amp; Remuneration Committee and the Nomination Committee Charters indicate the authorization to hire independent advisors if necessary. Also, Item 5.5 of the Risk Management Committee Charter states authorization to engage a consultant for a more independent assessment of the risk management system.</u> |

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

| Existing Policies                          | Changes   | Reason   |
|--|---|--|
| 1. Dividend policy                         | Payment of dividends within 30 days from declaration  | To align with leading corporate governance practices |
| 2. Disclosure of trading in Company shares | Directors and key officers must declare their dealings with Company shares within three (3) business days                                 | To align with leading corporate governance practices |
| 3. ASM Agenda                              | Each agenda item in the Notice to Stockholders' Meeting that will require stockholder approval must have a brief explanation or rationale | To align with leading corporate governance practices |
| 4. Whistle-blowing                         | Adoption of Whistle-blowing and Protection from Retaliation Policy  | To align with leading corporate governance practices |
| 5. Vendor Accreditation                    | Adoption of Vendor Accreditation and Selection Policy   | To align with leading corporate governance practices |

**D. REMUNERATION MATTERS**

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

*The Compensation and Remuneration Committee establishes the amount of remuneration which shall be sufficient enough to attract and retain directors and officers who are needed to run the Company successfully.*

| Process   | CEO   | Top 4 Highest Paid Management Officers |
|---|---|--|
| (1) Fixed remuneration                            | Performance-based   | Performance-based                      |
| (2) Variable remuneration                         | Not applicable  | Not applicable                         |
| (3) Per diem allowance                            | For independent directors – Php 50,000 and for other directors – Php10,000 per Board meeting attended | Not applicable                         |
| (4) Bonus   | Performance-based   | Performance-based                      |
| (5) Stock Options and other financial instruments | Not applicable  | Not applicable                         |
| (6) Others (specify)                              | Not applicable  | Not applicable                         |

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

|                     | Remuneration Policy  | Structure of Compensation Packages                                       | How Compensation is Calculated                                |
|---------------------|--|--|---|
| Executive Directors | The Compensation and Remuneration Committee determines the amount of | Executive compensation is composed of salaries, bonuses and other annual | Benchmarks such as industry peer group, compensation studies, |

|                         | Remuneration Policy   | Structure of Compensation Packages                                  | How Compensation is Calculated                   |
|-------------------------|---|---|--|
|                         | remuneration which shall be in a level sufficient to attract directors, executives and other key senior personnel needed to run the Company successfully. | compensation, plus fixed per diem for every board meeting attended. | and level of responsibilities are used as basis. |
| Non-Executive Directors |   | Independent Director – ₱50,000 / meeting Others – ₱10,000 / meeting |  |

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

| Remuneration Scheme   | Date of Stockholders' Approval |
|---|--------------------------------|
| Yes, stockholders ratify all acts made by the Board and Management during the Annual Stockholders' Meeting (ASM) <i>including those pertaining to Board remuneration</i> . The annual compensation of the principal officers and the per diem for directors are disclosed in the SEC Form 20-IS distributed to all stockholders prior to the ASM. | <u>25 April 2016</u>           |
|   | 27 April 2015                  |
|   | 18 July 2014                   |

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

| Remuneration Item                                      | Executive Directors  | Non-Executive Directors (other than Independent Directors) | Independent Directors |
|--|--|--|-----------------------|
| (a) Fixed Remuneration                                 | <u>There are no fixed remuneration given to Directors.</u>                               |  |                       |
| (b) Variable Remuneration                              | <u>There are no variable remuneration given to Directors.</u>                            |  |                       |
| (c) Per Diem Allowance                                 | <u>The total per diem allowance paid to Directors in 2015 amounted to P4.99 million.</u> |  |                       |
| (d) Bonuses  | <u>There are no bonuses given to Directors.</u>  |  |                       |
| (e) Stock options and / or other financial instruments | <u>There are no stock options and/or other financial instruments given to Directors.</u> |  |                       |
| (f) Others (Specify)                                   | <u>n/a</u>   |  |                       |
| Total  | <u>Php 4.99 million</u>  |  |                       |

| Other Benefits                          | Executive Directors  | Non-Executive Directors (other than Independent Directors) | Independent Directors |
|---|--|--|-----------------------|
| (a) Advances                            | <u>There are no advances granted to Directors.</u>   |  |                       |
| (b) Credit granted                      | <u>There is no credit granted to Directors.</u>  |  |                       |
| (c) Pension plans, Contributions        | <u>There are no pension plans for and contributions made for Directors.</u>  |  |                       |
| (d) Pension plans, Obligations incurred | <u>There are no pension plans and obligations incurred for Directors.</u>  |  |                       |
| (e) Life Insurance premium              | <u>There are no life insurance and hospitalization plan for the Independent Directors. The Directors (except Independent Directors) are covered with life insurance and are included in the retirement contribution given for the Company's eligible employees as a whole.</u> |  |                       |
| (f) Hospitalization plan                |  |  |                       |
| (g) Car plan                            | <u>There is no car plan granted to Directors.</u>  |  |                       |
| (h) Others (Specify)                    | <u>n/a</u>   |  |                       |
| Total                                   | <u>n/a</u>   |  |                       |

4) Stock Rights, Options and Warrants  
(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

| Director's Name  | Number of Direct Option/Rights/Warrants | Number of Indirect Option/Rights/Warrants | Number of Equivalent Shares | Total % from Capital Stock |
|--|---|---|-----------------------------|----------------------------|
| NONE. There are no option grants outstanding held by directors and officers as of December 31, 2015. |   |   |                             |                            |

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

| Incentive Program   | Amendments | Date of Stockholders' Approval |
|---|------------|--------------------------------|
| NONE. There are no amendments and/or discontinuation of any incentive programs in 2015. |            |                                |

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

The aggregate compensation, inclusive of salary, bonuses, and other annual compensation, paid or incurred in 2015 to the four (4) highest compensated members of management (not executive directors) amounted to Php 7.88 million.

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

| Committee | No. of Members          |                              |                           | Committee Charter  | Functions | Key Responsibilities | Power |
|-----------|-------------------------|------------------------------|---------------------------|--|-----------|----------------------|-------|
|           | Executive Director (ED) | Non-executive Director (NED) | Independent Director (ID) |  |           |                      |       |
| Executive | 2                       | 1                            | 0                         | <ul style="list-style-type: none"> <li>The Executive Committee oversees the management of the Company and is responsible for the Company's finances, goals, and policies.</li> <li>The Committee is also tasked to foster the long-term success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders through sound strategic policies, guidelines and programs that can sustain the Company's long-term viability and strength.</li> </ul>                                     |           |                      |       |
| Audit     |                         | 1                            | 2                         | <ul style="list-style-type: none"> <li>The Audit Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices and internal control systems and adherence to over-all corporate governance best practice.</li> <li>The Committee also oversees the Company's process for monitoring compliance with laws, regulations, the Code of Business Conduct and Ethics and Discipline, and performs other duties as the Board may require.</li> </ul> |           |                      |       |



| Committee       | No. of Members          |                              |                           | Committee Charter  | Functions | Key Responsibilities | Power |
|-----------------|-------------------------|------------------------------|---------------------------|--|-----------|----------------------|-------|
|                 | Executive Director (ED) | Non-executive Director (NED) | Independent Director (ID) |  |           |                      |       |
|                 |                         |                              |                           | <p>Under its Charter, the Committee is duty-bound to perform and carry out the following responsibilities, among others, categorized under seven (7) major domains:</p> <ul style="list-style-type: none"> <li>● Financial statements and reporting <ul style="list-style-type: none"> <li>- Review significant accounting and reporting issues</li> <li>- Review and endorse to the Board for approval the financial statements of the Company</li> <li>- Review the results of external audit</li> </ul> </li> <li>● Internal control <ul style="list-style-type: none"> <li>- Review the effectiveness of the Company's internal control system</li> </ul> </li> <li>● Internal audit <ul style="list-style-type: none"> <li>- Provide oversight of the performance of the internal audit group</li> </ul> </li> <li>● External audit <ul style="list-style-type: none"> <li>- Review the external auditors' audit scope and approach and the results of the audit</li> </ul> </li> <li>● Compliance <ul style="list-style-type: none"> <li>- Review and continually improve the effectiveness of the system for monitoring the results of management's investigation and follow-up of any instance of non-compliance</li> </ul> </li> <li>● Reporting responsibilities <ul style="list-style-type: none"> <li>- Regularly report to the Board the Committee's activities, findings, decisions, deliberations and recommendations</li> <li>- Review the details of the Company's related party transactions.</li> </ul> </li> <li>● Other responsibilities <ul style="list-style-type: none"> <li>- Perform other activities as requested by the Board</li> </ul> </li> </ul> |           |                      |       |
| Risk Management |                         | 1                            | 2                         | <ol style="list-style-type: none"> <li>1) Review the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks</li> <li>2) Ensure that Management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring</li> </ol>  |           |                      |       |
| Nomination      | 0                       | 0                            | 3                         | <ol style="list-style-type: none"> <li>1) Pre-screens and shortlists all candidates nominated to become a member of the Board of Directors in accordance with the Company's Manual on Corporate Governance</li> <li>2) Ensures that all candidates nominated by shareholders to become a member of the Board shall possess the ideals and values that are aligned to the Company's mission and vision statements;</li> <li>3) In consultation with the appropriate executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer (CEO) by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times;</li> <li>4) Determine the number of directorships which a member of the Board of</li> </ol>  |           |                      |       |

| Committee  | No. of Members          |                              |                           | Committee Charter   | Functions | Key Responsibilities | Power |
|--|-------------------------|------------------------------|---------------------------|---|-----------|----------------------|-------|
|  | Executive Director (ED) | Non-executive Director (NED) | Independent Director (ID) |   |           |                      |       |
|  |                         |                              |                           | Directors may hold, in accordance with the guidelines provided under the Manual on Corporate Governance and all relevant rules and regulations;   |           |                      |       |
|  |                         |                              |                           | 5) The Nomination Committee evaluates all candidates nominated to the Board in accordance with the requirements set forth by the Company's Revised Manual on Corporate Governance. The Committee ensures that those nominated to the Board meet all the qualifications for directorship.  |           |                      |       |
| Compensation and Remuneration                        | 1                       | 0                            | 2                         | 1) Tasked to establish ad 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;<br>2) Designate amount of remuneration, which shall be in sufficient level to attract and retain directors and officers who are needed to run the Company successfully;<br>3) Review policies to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.<br>4) The Committee also reviews existing human resource policies to ensure the continued growth and development of the Company's workforce. |           |                      |       |
| Others – Corporate Governance Committee              |                         | 1                            | 2                         | Review the Company's continual process of good corporate governance, as well as provide approach and advice for development, and tasks management to look into the evolving ASEAN Corporate Governance initiative from the regulators and advocacy groups to see what other enhancements can be properly pursued.   |           |                      |       |
| <u>Others – Related Party Transactions Committee</u> |                         | <u>0</u>                     | <u>3</u>                  | <u>Assesses material agreements with related parties to ensure that the RPT transactions are conducted at market rates and on an arm's length basis. For this purpose, transactions considered material and are subject for review of the RPT Committee prior to Board approval and management execution.</u>   |           |                      |       |

## 2) Committee Members

### (a) Executive Committee

| Office        | Name                   | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|---------------|------------------------|---------------------|----------------------|--------------------------|---|------------------------------------|
| Chairman (ED) | Willy N. Ocier         | 04/27/2015          |                      |                          |   | 17                                 |
| Member (ED)   | Frederic C. DyBuncio   | 04/27/2015          |                      |                          |   | <3                                 |
| Member (ID)   | Roman Felipe S. Reyes* | 04/27/2015          |                      |                          |   | <2                                 |
| Member (NED)  | A Bayani K. Tan*       | 10/30/2015          |                      |                          |   | <1                                 |

\*Note: Membership of Mr. Roman Felipe S. Reyes to the Executive Committee ended on 10/30/2015 with the appointment of Atty A Bayani K. Tan.

(b) Audit Committee

| Office        | Name                        | Date of Appointment | No. of Meetings Held in 2015 | No. of Meetings Attended in 2015 | %    | Length of Service in the Committee |
|---------------|-----------------------------|---------------------|------------------------------|----------------------------------|------|------------------------------------|
| Chairman (ID) | Roman Felipe S. Reyes       | 04/27/2015          | 4                            | 4                                | 100% | <2                                 |
| Member (ID)   | Joseph C. Tan               | 04/27/2015          | 4                            | 4                                | 100% | <1                                 |
| Member (NED)  | Exequiel P. Villacorta, Jr. | 04/27/2015          | 4                            | 4                                | 100% | <2                                 |

(c) Risk Management Committee

| Office        | Name                       | Date of Appointment | No. of Meetings Held in 2015 | No. of Meetings Attended in 2015 | %           | Length of Service in the Committee |
|---------------|----------------------------|---------------------|------------------------------|----------------------------------|-------------|------------------------------------|
| Chairman (ID) | Roman Felipe S. Reyes      | 04/27/2015          | <u>1</u>                     | <u>1</u>                         | <u>100%</u> | <2                                 |
| Member (ID)   | Joseph C. Tan              | 04/27/2015          | <u>1</u>                     | <u>1</u>                         | <u>100%</u> | <1                                 |
| Member (NED)  | Exequiel P. Villacorta, Jr | 04/27/2015          | <u>1</u>                     | <u>1</u>                         | <u>100%</u> | <2                                 |

Disclose the profile or qualifications of the Audit Committee members.

**Roman Felipe S. Reyes**

Mr. Reyes, a Certified Public Accountant, is the Chairman of Reyes Tacandong & Co., and a member of the GSIS Board of Trustees since 2010. He serves as an Independent Director of Macawiwili Gold Mining And Development Co., Inc., Pakistan International Container Terminal Limited, Premium Leisure Corporation, Bank of Commerce, RPN 9, Philippine Geothermal Production Company, Pasudeco, All Asian Countertrade, National Reinsurance Corporation of the Philippines, and Rockwell Leisure Club. He is also a current Trustee of San Beda College, San Beda Alumni Association Foundation, and the Chairman of the Board of Governors of Nicanor Reyes Memorial Foundation. He was a Senior Partner and the Vice Chairman for Client Services and Accounts of SGV & Co. from 1984-2009, and the President of Knowledge Institute in 2009. Mr. Reyes earned his Bachelor of Science degree in Commerce, major in Accounting, from San Beda College in 1972, and obtained his MBA degree in Finance from the University of Detroit in 1975.

**Joseph C. Tan**

Atty. Joseph C. Tan is the Founding Partner of MOST Law Firm from September 2006 to present. He was a Special Counsel for the Agus Cruz & Manzano Law Office from 2004 to August 2006. He was an Associate of Puno & Puno Law Offices from 1991 to 1995. Atty. Tan is a director of San Carlos Bioenergy Corporation. He was also a director of Philippine Bank of Communications from September 2010 to August 2011. He is a Consultant Chairman of UCPB.

Atty. Tan holds a Bachelor of Arts with a Major in Business Administration degree from University of San Francisco, USA (Class of 1978). He also holds a Bachelor of Laws degree from the Ateneo de Manila College of Law, Makati City, graduating with honors (Class of 1985).

**Exequiel P. Villacorta, Jr.**

Mr. Exequiel P. Villacorta, Jr. is an elected Director of BDO Leasing and Finance, Inc. He was previously director of Equitable PCI Bank, Inc. from 2005 to 2006, and EBC Insurance Brokerage, Inc., and Maxicare Healthcare Corporation. He was formerly the Chairman of EBC Strategic Holdings Corporation, EBC Investments, Inc. (now BDO Strategic Holdings Inc.), Jardine Equitable Finance Corporation, Strategic Property Holdings, Inc., PCIB Properties, Inc., Equitable Data Center, Inc. and PCI Automation Center, Inc. He was previously President and CEO of Banco De Oro Universal Bank and TA Bank of the Philippines, and was Vice President of Private Development Corporation of the Philippines (PDCP). He was Senior adviser and BSP Controller of Equitable PCI Bank, Inc. and PBCom; and Adviser to the Board of PCI Capital Corporation.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee, as authorized by the Board, has the primary responsibility of endorsing the appointment, re-appointment and removal of the external auditors. The Board, through the Audit Committee, recommends to the stockholders a duly accredited external auditor who shall undertake the independent audit and shall provide and perform an objective assurance on the preparation and presentation of financial statements.

The Audit Committee also:

- Performs oversight functions of the Company's external auditors. It ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit function.
- Prior to the commencement of the audit, discusses with the external auditor the nature, scope and expenses of the audit and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- Reviews the reports submitted by the external auditors, including any difficulties encountered.
- Evaluates and determines the non-audit work, if any, of the external auditor, and reviews periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with the duties of the external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.
- Meets separately with the external auditor, on a regular basis, to discuss any matter that the Committee or auditors believe should be discussed privately.

(d) Nomination Committee

| Office        | Name                     | Date of Appointment | No. of Meetings Held in 2015 | No. of Meetings Attended in 2015 | %    | Length of Service in the Committee |
|---------------|--------------------------|---------------------|------------------------------|----------------------------------|------|------------------------------------|
| Chairman (ID) | Joseph C. Tan*           | 10/30/2015          | 3                            | 3                                | 100% | <2                                 |
| Member (ID)   | Juan Victor S. Tanjuatco | 04/27/2015          | 3                            | 3                                | 100% | <1                                 |
| Member (ID)   | Roman Felipe S. Reyes**  | 10/30/2015          | 1                            | 1                                | 100% | <1                                 |
| Chairman (ED) | Frederic C. DyBuncio*    | 04/27/2015          | 2                            | 2                                | 100% | <4                                 |

\*Note: Chairmanship of Mr. Frederic C. DyBuncio to the Nomination Committee ended on 10/30/2015 with the appointment of Atty. Joseph C. Tan from Member to Chairman. Further, Atty Joseph C. Tan was appointed on 04/27/2015 as a Member of the Nomination Committee.

\*\* Mr. Roman Felipe S. Reyes was appointed as a NEW member of the Nomination Committee on 10/30/2015.

(e) Compensation and Remuneration Committee

| Office        | Name                      | Date of Appointment | No. of Meetings Held in 2015 | No. of Meetings Attended in 2015 | %    | Length of Service in the Committee |
|---------------|---------------------------|---------------------|------------------------------|----------------------------------|------|------------------------------------|
| Chairman (ID) | Juan Victor S. Tanjuatco* | 10/30/2015          | 2                            | 2                                | 100% | <1                                 |
| Member (ED)   | Willy N. Ocier**          | 10/30/2015          | 2                            | 2                                | 100% | <2                                 |
| Member (ID)   | Joseph C. Tan***          | 10/30/2015          | 2                            | 2                                | 100% | <1                                 |
| Member (NED)  | A.Bayani K. Tan***        | 04/27/2015          | 1                            | 1                                | 100% | 17                                 |

\*Note: Designation of Mr. Juan Victor S. Tanjuatco was changed from Member to Chairman of the Compensation and Remuneration Committee on 10/30/2015. Further, Mr Juan Victor S. Tanjuatco was appointed on 04/27/2015 as a Member of the Nomination Committee.

\*\*Note: Designation of Mr. Willy N. Ocier was changed from Chairman to Member on 10/30/2015. He was appointed as Chairman on 04/27/2015.

\*\*\*Note: Membership of Atty A Bayani K. Tan ended on 10/30/2015 with the appointment of Atty Joseph C. Tan.

(f) Others – Corporate Governance Committee

Provide the same information on all other committees constituted by the Board of Directors:

| Office        | Name                       | Date of Appointment | No. of Meetings Held in 2015 | No. of Meetings Attended in 2015 | %    | Length of Service in the Committee |
|---------------|----------------------------|---------------------|------------------------------|----------------------------------|------|------------------------------------|
| Chairman (ID) | Roman Felipe S. Reyes      | 04/27/2015          | 3                            | 3                                | 100% | <2                                 |
| Member (ID)   | Joseph C. Tan              | 04/27/2015          | 3                            | 3                                | 100% | <2                                 |
| Member (NED)  | Exequiel P. Villacorta, Jr | 04/27/2015          | 3                            | 3                                | 100% | <2                                 |

(g) Others – Related Party Transactions Committee

Provide the same information on all other committees constituted by the Board of Directors:

| Office        | Name                     | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|---------------|--------------------------|---------------------|----------------------|--------------------------|---|------------------------------------|
| Chairman (ID) | Roman Felipe S. Reyes    | 04/25/2016          | 0                    | 0                        |   | <1                                 |
| Member (ID)   | Juan Victor S. Tanjuatco | 04/25/2016          | 0                    | 0                        |   | <1                                 |
| Member (ID)   | Joseph C. Tan            | 04/25/2016          | 0                    | 0                        |   | <1                                 |

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

| Name of Committee   | Name  | Reason  |
|---|---|---|
| Executive Committee   | Roman Felipe S. Reyes<br>REPLACED BY<br>A Bayani K. Tan   | Committee Restructuring   |
| Audit Committee   | NEW<br>Joseph C. Tan  | Appointed during the organizational board meeting held on April 27, 2015      |
| Risk Management Committee   | NEW<br>Joseph C. Tan  | Appointed during the organizational board meeting held on April 27, 2015      |
| Nomination Committee  | Frederic C. DyBuncio replaced by Joseph C. Tan as Chairman and Roman Felipe S. Reyes joined as NEW member                                 | to adhere with good governance practices                                      |
| Compensation and Remuneration Committee   | Willy N. Ocier replaced by Juan Victor S. Tanjuatco as Chairman and A Bayani K Tan replaced by Joseph C. Tan                              | to adhere with good governance practices                                      |
| Others – Corporate Governance<br>Chairman (ID)<br>Member (ID)<br>Member (NED)       | <ul style="list-style-type: none"> <li>▪ Roman Felipe S. Reyes</li> <li>▪ Joseph C. Tan</li> <li>▪ Exequiel P. Villacorta, Jr.</li> </ul> | Committee created during organizational board meeting held on April 27, 2015. |
| Others – Related Party Transactions<br>Chairman (ID)<br>Member (ID)<br>Member (NED) | <ul style="list-style-type: none"> <li>▪ Roman Felipe S. Reyes</li> <li>▪ Joseph C. Tan</li> <li>▪ Exequiel P. Villacorta, Jr.</li> </ul> | Committee created during the board meeting held on June 24, 2016.             |

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

| Name of Committee     | Work Done   | Issues Addressed   |
|-----------------------|---|--|
| Executive             | <ul style="list-style-type: none"> <li>▪ Oversee the management of the Company, which includes, among others:               <ul style="list-style-type: none"> <li>– Financial matters</li> <li>– Construction updates and issues</li> <li>– Property maintenance updates and issues</li> <li>– Legal matters</li> </ul> </li> <li>▪ Reviewed the Company’s vision, mission, strategies, plans, and annual budget               <ul style="list-style-type: none"> <li>– Monitored the implementation of policies and strategies, including management’s overall performance</li> </ul> </li> </ul>   | Implementat<br>ion of the<br>strategic and<br>long – term<br>goals of the<br>Company |
| Audit                 | <ul style="list-style-type: none"> <li>▪ Assisted and advised the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company’s accounting, financial reporting, auditing practices, risk management and internal control systems and adherence to over-all corporate governance best practice</li> <li>▪ Recommended for Board approval the audited financial statements of Premium Leisure Corp. for the year ended December 31, 2014;</li> <li>▪ Reviewed Premium Leisure Corp.’s financial statements for the first quarter ended March 31, 2015, second quarter ended June 30, 2015, third quarter ended September 30, 2015;</li> <li>▪ Reviewed significant accounting and reporting issues, and endorsed to the Board for approval the financial statements of the Company</li> <li>▪ Reviewed the effectiveness of the Company’s internal control system</li> <li>▪ Provided oversight of the performance of the internal audit group</li> <li>▪ Reviewed the external auditors’ audit scope and approach and the results of the audit</li> <li>▪ Reviewed the details of the Company’s related party transactions</li> <li>▪ Reviewed and introduced changes to its Charter to conform with good corporate governance practices.</li> <li>▪ Restructured the Committee based on the provisions of the new Charter.</li> </ul> | Reported<br>audit<br>findings and<br>identified<br>related party<br>transactions     |
| Risk Management       | <ul style="list-style-type: none"> <li>▪ Reviewed the adequacy and effectiveness of the Company’s policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks</li> <li>▪ Discussed the results of the enterprise-wide risk assessment and Management’s action plans to address identified risks;</li> <li>▪ Reviewed and introduced changes to its Charter to conform with good corporate governance practices.</li> <li>▪ Restructured the Committee based on the provisions of the new Charter.</li> </ul>  | Identified<br>significant<br>risks   |
| Nomina<br>tion        | <ul style="list-style-type: none"> <li>▪ Evaluated all candidates nominated to the Board in accordance with the requirements set forth by the SEC and the Company’s Manual on Corporate Governance</li> <li>▪ Ensured that those nominated to the Board meet all the qualifications and none of the disqualifications for directorship</li> <li>▪ Reviewed and introduced changes to its Charter to conform with good corporate governance practices.</li> <li>▪ Restructured the Committee based on the provisions of the new Charter.</li> </ul>  | Adherence<br>to good<br>corporate<br>governance<br>practices                         |
| Compensa-<br>tion and | <ul style="list-style-type: none"> <li>▪ Performed oversight of policies on salaries and benefits, as well as promotions and other forms of career advancement</li> </ul>   | Adherence<br>to good   |

| Name of Committee                           | Work Done   | Issues Addressed                                 |
|---|---|--|
| Remuneration                                | <ul style="list-style-type: none"> <li>▪ Reviewed existing human resource policies to ensure the continued growth and development of the Company's workforce</li> <li>▪ Reviewed and introduced changes to its Charter to conform with good corporate governance practices;</li> <li>▪ Restructured the Committee based on the provisions of the new Charter.</li> </ul>    | corporate governance practices                   |
| Others (specify) Corporate Governance       | <ul style="list-style-type: none"> <li>▪ Reviewed the Company's continual process of good corporate governance, as well as providing approach and advice for development, and tasking management to look into the evolving ASEAN Corporate Governance initiative from the regulators and advocacy groups to see what other enhancements can be properly pursued.</li> </ul> | Adherence to good corporate governance practices |
| Others (specify) Related Party Transactions | <ul style="list-style-type: none"> <li>▪ Assessed material agreements with related parties to ensure that RPT transactions are conducted at market rates and on an arm's length basis.</li> </ul>   | Adherence to good corporate governance practices |

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

| Name of Committee | Planned Programs  | Issues to be Addressed |
|-------------------|---|------------------------|
| Executive         | <ul style="list-style-type: none"> <li>▪ Foster the long-term success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders through sound strategic policies, guidelines and programs that can sustain the Company's long-term viability and strength</li> <li>▪ Periodically review the Company's vision, mission, strategies, plans, and annual budget and continuously monitor the implementation of such policies and strategies, including management's overall performance</li> <li>▪ Institutionalize the risk management assessment process to ensure standardization, effectiveness and efficiency, and continuously monitor key risk areas and performance indicators with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability</li> <li>▪ Institute good corporate governance practices and ensure effective communication with all employees for acknowledgment and strict compliance</li> <li>▪ Define policies and plans regarding corporate social responsibility (CSR), including formulating an action plan for publicizing and promoting awareness of CSR among all officers and employees</li> </ul> |                        |
| Audit             | <ul style="list-style-type: none"> <li>▪ Implement the action plans made based on the results of the self-assessment conducted following the guideline set forth by SEC Memorandum Circular No. 4, which includes, among others: <ul style="list-style-type: none"> <li>– Develop a succession plan for its members and Chair</li> <li>– Reporting to the Board and issuance of certifications on critical compliance issues</li> </ul> </li> </ul>   |                        |

| Name of Committee                   | Planned Programs   | Issues to be Addressed  |
|-------------------------------------|--|---|
|                                     | <ul style="list-style-type: none"> <li>– Review and approval of management representation letter before submission to external auditor</li> <li>– Obtaining management’s assurance on the state of internal controls</li> <li>– Review and approval of fees of external auditor</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Oversee the effectiveness of the Company’s whistleblower policy, so that the whistleblower has the confidence that the Company has the required and appropriate independent procedure to effectively investigate and resolve such possible wrong-doings and non-compliance issues</li> </ul> |
| Risk Management                     | <ul style="list-style-type: none"> <li>▪ Promotion of risk awareness in the organization</li> <li>▪ Evaluation of compliance with the Code of Conduct for management</li> <li>▪ Review and assess the effectiveness of the Company’s risk management system in the mitigation of financial and non-financial risks</li> </ul>  |   |
| Nomination                          | <ul style="list-style-type: none"> <li>▪ Enhance the process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, and appoint competent, professional, honest and highly-motivated management officers</li> <li>▪ Ensure annual performance appraisal of individual directors, the board as a whole, board committees and the President, and periodically review the criteria used in assessing such performance</li> <li>▪ Formulate succession plans for top key management positions and review such plan on a regular basis</li> <li>▪ Identify areas for improvement of the members of the Board, such as training/continuing education programs or any other form of assistance that directors may need in the performance of their duties</li> </ul> |   |
| Compensation and Remuneration       | <ul style="list-style-type: none"> <li>▪ Periodically review the compensation method for directors, officers and employees so that they are equitable and appropriately corresponds to the respective assigned duties and responsibilities, current business environment and performance results of the Company</li> <li>▪ Define goals and evaluate the performance of top management to set reasonable compensation</li> </ul>   |   |
| Others – Corporate Governance       | <ul style="list-style-type: none"> <li>▪ Review the Company’s continual process of good corporate governance, as well as providing approaches and advices for development, and tasking management to look into the evolving ASEAN Corporate Governance initiative from the regulators and advocacy groups to see what other enhancements can be properly pursued.</li> </ul>   |   |
| Others – Related Party Transactions | <ul style="list-style-type: none"> <li>▪ <u>Assesses material agreements with related parties to ensure that the RPT transactions are conducted at market rates and on an arm’s length basis. For this purpose, transactions considered material and are subject for review of the RPT Committee prior to Board approval and management execution.</u></li> </ul>  |   |



**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees’ and clients’ safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Board of Directors through the Risk Management Committee has reviewed the Company’s risk management system and has found the same effective and adequate.

(c) Period covered by the review;

Year 2015.

(d) How often the risk management system is reviewed and the directors’ criteria for assessing its effectiveness; and

The Risk Management Committee reviews annually the effectiveness of the Company’s risk management system. The Committee reviews the adequacy and effectiveness of the Company’s policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks, including management’s reduction and mitigation plan to sufficiently and swiftly manage major financial and business risk exposures.

(e) Where no review was conducted during the year, an explanation why not.  
NOT APPLICABLE

2) Risk Policy

(a) Company

Give a general description of the company’s risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

| Risk Exposure   | Risk Management Policy   | Objective  |
|---|--|--|
| <u>Financial Risks</u> <ul style="list-style-type: none"> <li>▪ Credit risk</li> <li>▪ Liquidity risk</li> <li>▪ Equity price risk</li> <li>▪ Capital management</li> </ul> | <ul style="list-style-type: none"> <li>▪ All customers who wish to trade on credit terms are subject to credit verification procedures, and receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant</li> <li>▪ Maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information</li> </ul> | <p>The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees’ and clients’ safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.</p> |

| Risk Exposure  | Risk Management Policy  | Objective  |
|--|---|--|
|  | <ul style="list-style-type: none"> <li>Maintain debt-to-equity ratio at manageable levels</li> </ul>                            | <p>In order to mitigate risk exposures, the Company continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p> |
| <u>Regulatory Risks</u> <ul style="list-style-type: none"> <li>Government regulations</li> <li>Changes to Philippine laws and regulations</li> </ul> | <ul style="list-style-type: none"> <li>Compliance with licensing and regulatory requirements necessary to operations</li> </ul> |  |

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

| Risk Exposure  | Risk Management Policy   | Objective   |
|--|--|---|
| <u>Financial Risks</u> <ul style="list-style-type: none"> <li>Interest rate risk</li> <li>Foreign currency risk</li> <li>Credit risk</li> <li>Liquidity risk</li> <li>Equity price risk</li> <li>Capital management</li> </ul> | <ul style="list-style-type: none"> <li>Manage interest cost by limiting borrowings</li> <li>Mitigate transactional currency exposure by maintaining costs at consistently low levels, regardless of upward or downward movement in the foreign currency exchange rate</li> <li>All customers who wish to trade on credit terms are subject to credit verification procedures, and receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant</li> <li>Maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information</li> <li>Maintain debt-to-equity ratio at manageable levels</li> </ul> | <p>The Group has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Group aligns its risk appetite with its long-term strategic objectives.</p> <p>In order to mitigate risk exposures, the Group continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p> |
| <u>Market Risks</u> <ul style="list-style-type: none"> <li>Economic and political conditions</li> <li>Competition</li> </ul>   | <ul style="list-style-type: none"> <li>Diversify portfolio by offering different product lines</li> <li>Enhance existing amenities and introduce new concepts which will cater to the high-end market</li> <li>Offer long and affordable terms for buyers</li> </ul>   |   |

| Risk Exposure  | Risk Management Policy   | Objective |
|--|--|-----------|
| <u>Performance / Completion Risks</u> <ul style="list-style-type: none"> <li>▪ Suppliers</li> <li>▪ Contractors</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Purchase only from accredited suppliers</li> <li>▪ Performance bonds for contractors to ensure contractual arrangements meet the Group's performance standards</li> </ul>   |           |
| <u>Regulatory Risks</u> <ul style="list-style-type: none"> <li>▪ Government regulations</li> <li>▪ Changes to Philippine laws and regulations</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Compliance with licensing and regulatory requirements necessary to operations</li> </ul>  |           |
| <u>Hazard Risks</u> <ul style="list-style-type: none"> <li>▪ Natural disasters</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Regular site inspections by Group personnel and consultants/experts</li> <li>▪ Implement safety measures in the design plans</li> <li>▪ Include in insurance coverage</li> </ul>  |           |
| <u>IT Risks</u> <ul style="list-style-type: none"> <li>▪ Primary data center risk</li> <li>▪ Mission critical business application risk</li> <li>▪ Internet connection risk</li> <li>▪ Hacking risk</li> <li>▪ IT solution acquisition risk</li> </ul> | <ul style="list-style-type: none"> <li>▪ Co-location arrangement with redundant capability and automatic fail-over set-up for disaster recovery</li> <li>▪ Implement enterprise security solutions to manage external and internal threats</li> <li>▪ Annual review of technology roadmap to ensure alignment between business and IT</li> </ul> |           |

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

| Risk to Minority Shareholders  |
|--|
| <p>Principal risks of the exercise of controlling shareholders' voting power are as follows:</p> <ol style="list-style-type: none"> <li>1) Majority shareholders may dominate major Company decisions</li> <li>2) Lack of transparency on the actions and decisions of majority shareholders</li> <li>3) Abusive and inequitable conduct on the part of majority shareholders</li> <li>4) Rights of minority shareholders may not be upheld and protected</li> </ol> <p>The Company's Revised Manual on Corporate Governance expressly provides for the protection of its stockholders' rights and minority interests. The Board of Directors is committed to respect the rights of minority stockholders.</p> |

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

| Risk Exposure   | Risk Assessment<br>(Monitoring and Measurement Process)   | Risk Management and Control<br>(Structures, Procedures, Actions Taken) |
|---|---|--|
| <u>Financial Risks</u> <ul style="list-style-type: none"> <li>▪ Credit risk</li> <li>▪ Liquidity risk</li> <li>▪ Equity price risk</li> <li>▪ Capital management</li> </ul> | <p>The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.</p>  |  |
| <u>Regulatory Risks</u> <ul style="list-style-type: none"> <li>▪ Government regulations</li> <li>▪ Changes to Philippine laws and regulations</li> </ul>                    | <p>In order to mitigate risk exposures, the Company continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p> <p>The Risk Management Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p> <ol style="list-style-type: none"> <li>1) Review the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</li> <li>2) Ensure that management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</li> <li>3) Advise the Board, in consultation with management, on the overall risk management program of the Company as it relates to its risk appetite and strategic direction.</li> <li>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.</li> <li>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee believes should be discussed privately.</li> <li>6) Review the details of the Company's related party transactions.</li> </ol> |  |

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the Group:

| Risk Exposure  | Risk Assessment<br>(Monitoring and Measurement Process)   | Risk Management and Control<br>(Structures, Procedures, Actions Taken) |
|--|---|--|
| <u>Financial Risks</u> <ul style="list-style-type: none"> <li>▪ Interest rate risk</li> <li>▪ Foreign currency risk</li> <li>▪ Credit risk</li> <li>▪ Liquidity risk</li> <li>▪ Equity price risk</li> <li>▪ Capital management</li> </ul> | <p>The Group has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Group aligns its risk appetite with its long-term strategic objectives.</p> <p>In order to mitigate risk exposures, the Group continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p> |  |

| Risk Exposure  | Risk Assessment<br>(Monitoring and Measurement Process)  | Risk Management and Control<br>(Structures, Procedures, Actions Taken) |
|--|--|--|
| <u>Market Risks</u> <ul style="list-style-type: none"> <li>▪ Economic and political conditions</li> <li>▪ Competition</li> </ul>   | <p>The Group also has an Enterprise Risk Management Committee (ERMC) which is an oversight committee created to act as the monitoring body for the individual risk management activities of the Group. The ERMC has the responsibility of developing a formal framework to assist the Group in managing its risks and is mandated to report regularly to the Risk Management Committee on any risk concerns.</p> <p>In addition, the Risk Management Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p> <ol style="list-style-type: none"> <li>1) Review the adequacy and effectiveness of the Group's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</li> <li>2) Ensure that management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</li> <li>3) Advise the Board, in consultation with management, on the overall risk management program of the Group as it relates to its risk appetite and strategic direction.</li> <li>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.</li> <li>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee believes should be discussed privately.</li> <li>6) Review the details of the Group's related party transactions.</li> </ol> |  |
| <u>Performance / Completion Risks</u> <ul style="list-style-type: none"> <li>▪ Suppliers</li> <li>▪ Contractors</li> </ul>   |  |  |
| <u>Regulatory Risks</u> <ul style="list-style-type: none"> <li>▪ Government regulations</li> <li>▪ Changes to Philippine laws and regulations</li> </ul>   |  |  |
| <u>Hazard Risks</u> <ul style="list-style-type: none"> <li>▪ Natural disasters</li> </ul>  |  |  |
| <u>IT Risks</u> <ul style="list-style-type: none"> <li>▪ Primary data center risk</li> <li>▪ Mission critical business application risk</li> <li>▪ Internet connection risk</li> <li>▪ Hacking risk</li> <li>▪ IT solution acquisition risk</li> </ul> |  |  |

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

| Committee/Unit                           | Control Mechanism   | Details of its Functions  |
|--|---|---|
| 1. <u>Corporate Governance Committee</u> | <u>The Committee reviews and recommends, for approval of the Board of Directors, the improvements / amendments to corporate governance documentation and practices in accordance with rules and regulations of regulatory bodies.</u> | <u>Assists and advises the Board of Directors in performing corporate governance compliance responsibilities in relation with the Company's Revised Manual on Corporate Governance, the Philippine Code of Corporate Governance, and disclosure rules of the Securities and Exchange Commission and the Philippine Stock Exchange, Inc.</u> |
| 2. Risk Management Committee             | <u>The Committee directly reports the results of its review and assessment of the Company's risk management process to the Board of Directors.</u>  | The Committee is tasked to perform and carry out the following responsibilities related to Risk Management:<br>1) Review the adequacy and   |

| Committee/Unit | Control Mechanism | Details of its Functions  |
|----------------|-------------------|---|
|                |                   | <p>effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</p> <p>2) Ensure that Management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</p> <p>3) Advise the Board, in consultation with Management, on the overall risk Management program of the Company as it relates to its risk appetite and strategic direction.</p> <p>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.</p> <p>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee believes should be discussed privately.</p> <p>6) Review the details of the Company's related party transactions.</p> |

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;

The Company defines internal control as the system established by the Board of Directors and management for the accomplishment of the Company's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules. The internal control system is the framework under which internal controls are developed and implemented to manage and control a particular risk or business activity, or a combination of risks or business activities, to which the Company is exposed.

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company's internal control system, including the information technology security controls. Effective and adequate internal control mechanisms are in place, implemented and properly complied with.

- (c) Period covered by the review;

Year 2015.

- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

The scope and the 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 risks; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

- (e) Where no review was conducted during the year, an explanation why not. NOT APPLICABLE

## 2) Internal Audit

- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

| Role  | Scope  | Indicate whether In-house or Outsource Internal Audit Function | Name of Chief Internal Auditor/Auditing Firm | Reporting process  |
|---|--|--|--|--|
| To provide an independent, objective assurance and consulting activity designed to add value and improve the Company's operations | To determine whether the Company's network of risk management, control and corporate governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure: <ul style="list-style-type: none"> <li>• Risk are appropriately identified and managed.</li> <li>• Interaction with the various corporate governance groups occurs as needed.</li> <li>• Significant financial, managerial and operating information are accurate, reliable and timely.</li> <li>• Employee's actions are in compliance with policies, standards, procedures and applicable laws and regulations.</li> <li>• Resources are acquired economically, used efficiently and adequately protected.</li> <li>• Programs, plans and objectives are achieved.</li> <li>• Quality and continuous improvement are fostered in the control processes of the Company.</li> <li>• Significant legislative or regulatory issues impacting the Company are recognized and addressed appropriately.</li> </ul> | In-house   | Rhea Marie R. Abueg                          | The Internal Audit Head, in the discharge of her duties, shall be accountable to Audit Committee and the Senior Management to: <ol style="list-style-type: none"> <li>Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.</li> <li>Report significant issues related to the processes for controlling the activities of the organization and its subsidiaries, including potential improvements to</li> </ol> |

| Role | Scope | Indicate whether In-house or Outsource Internal Audit Function | Name of Chief Internal Auditor/Auditing Firm | Reporting process   |
|------|-------|--|--|---|
|      |       |  |  | <p>those processes and provide information concerning such issues through resolution.</p> <p>c. Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.</p> <p>d. Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal ethics, environmental, external audit)</p> |

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

YES. Under the Company's Revised Manual on Corporate Governance, and the Audit Committee Charter, the Audit Committee is tasked to organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagements and removal.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Audit Head reports directly to the Audit Committee. In the performance of the internal audit function, the group is authorized to:

- 1) Have unrestricted access to all functions, records, property and personnel.
- 2) Have full and free access to communicate with the Audit Committee.
- 3) Allocate resources, set frequencies, select subjects, determine scopes of work and apply the techniques required to accomplish audit objectives.
- 4) Obtain the necessary assistance of personnel in units of the Company where they perform audits, as well as other specialized services from with or outside the Company.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.



| Name of Audit Staff          | Reason     |
|------------------------------|------------|
| Elda Ting (January 2015)     | Will study |
| Melvilo De Mesa (April 2015) | AWOL       |

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

|                        |  |
|------------------------|--|
| Progress Against Plans | Internal audit engagements are conducted in accordance with the audit plan and timetable approved by the Audit Committee.  |
| Issues <sup>5</sup>    | Issues and findings noted during the audit were given appropriate attention by management and recommendations were implemented accordingly. Significant findings and recommendations, together with management's responses, are reported to the Audit Committee to enable the Committee to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with. |
| Findings <sup>6</sup>  |  |
| Examination Trends     |  |

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

| Policies & Procedures                      | Implementation |
|--|----------------|
| Internal controls over financial reporting | Implemented    |
| Authorization of transactions              | Implemented    |

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

<sup>5</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>6</sup> "Findings" are those with concrete basis under the company's policies and rules.

| Auditors<br>(Internal and External)  | Financial Analysts   | Investment Banks |
|--|--|------------------|
| <ul style="list-style-type: none"> <li>▪ The Audit Committee reviews and confirms the independence of the external auditors by obtaining certification from the latter relative to their overall relationship with the Company. The Committee shall disallow any non-audit work that will conflict with the duties of the external auditor or may pose a threat to his independence.</li> <li>▪ To provide for the independence of the internal auditor, the Internal Audit Head reports directly to the Audit Committee. The group has the authority to have unrestricted access to all functions, records, property and personnel of the Company.</li> </ul> | <p>The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.</p> |                  |

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Premium Leisure Corp fully complies with the Securities and Exchange Commission's Code of Corporate Governance, as attested by its Chairman, Willy N. Ocier, and President and Chief Executive Officer, Frederic C. DyBuncio. Its directors, officers and employees have been given instructions on their respective duties as provided for in the Code and that internal mechanisms are in place to ensure compliance.

**H. ROLE OF STAKEHOLDERS**

1) Disclose the company's policy and activities relative to the following:

|                    | Policy   | Activities  |
|--------------------|--|---|
| Customers' welfare | The Company is fully committed to doing business in accordance with long-held values and ethical standards that have been the foundation for its growth and success. As such, all Directors, Officers and Employees are required to treat its customers with courtesy, fairness, respect and professionalism all the time. | <ul style="list-style-type: none"> <li>• Keeping its shareholders and the public regularly informed of the Company' results of operations and financial positions through corporate disclosures, press releases, and investors' and analysts' briefings.</li> <li>• The Company's continued compliance with all applicable laws in the country, districts and communities in which it operates its business.</li> </ul> |

|  | Policy   | Activities   |
|--|--|--|
|  |  | <ul style="list-style-type: none"> <li>• The Company's maintenance of accurate and complete records of all financial and business transactions in accordance with laws and regulations.</li> <li>• Adherence to ethical practices such as but not limited to support for diversity and non-discrimination, respect for confidentiality and privacy of information and commitment to environmental and safety practices.</li> <li>• Uploading of Shareholders' Concern Contact to the website which may be reached to air shareholders' concerns and queries, <u>as follows</u>:</li> </ul> <p>Contact Details for Shareholders' Concerns:<br/> Michelle T. Hernandez<br/> Vice President<br/> Governance &amp; Corporate Affairs<br/> Email:<br/> Michelle.hernandez@bellecop.com</p>  |
| Supplier/contractor selection practice | <p>Premium Leisure Corp. (PLC) purchases its goods and services through its subsidiary, PremiumLeisure &amp; Amusement, Inc. (PLAI). This is done in accordance with professionalism and sound business practice to obtain value for money by incurring the lowest costs to address the Company's needs in terms of quality and service.</p> <p>The authority to buy is vested in PLAI. It is mainly responsible for the following:</p> <p>issuance of Purchase Requests to which each order shall conform to the required signatories based on the latest authority protocol policy;<br/> verification that all allocations are approved and budgeted in the current fiscal year;<br/> verify that the funds are available and that the appropriate budget department's approval is secured</p> <p>It should on the other hand be provided with accurate specifications</p> | <p>A Bidding Committee shall be set up by PLAI Management for the procurement of big-ticket items.</p> <p>Only accredited vendors are awarded contracts. Vendors to be accredited should be corporations, which are required to submit their latest General Information Sheet, duly accomplished Accreditation Form, Code of Business Conduct and Ethics, Disclosure Form and accreditation summary. The officers, owners or employees of the corporation to be accredited should not be connected up to the 3<sup>rd</sup> degree of consanguinity and affinity to any officers or employees of PLAI or PLC.</p> <p>PLAI shall be the control point for all the goods received. Original invoices are required in order to facilitate payment process. All contracts or agreement documents shall be reviewed and approved by the Legal Department.</p> |

|   | Policy  | Activities   |
|---|---|--|
|   | at the time request of purchase is made as well as ample lead time for bidding and processing of orders. It shall verify all delivered orders for accuracy and completeness.  | For computer hardware, audio-visual equipment, etc., the Group's IT Department must be consulted for pre-configuration and installation.<br><br>This policy will be subject to review by the Executive Committee annually.   |
| Environmentally friendly value-chain      | The Company ensures the environmental friendliness of its operations, and contributes to the overall sustainability of the physical environment where the Company operates. The Company is committed to the protection of the environment and complies with all applicable environmental laws and regulations.  | <u>In coordination with its parent company, Belle Corporation, PLC supports the promotion of waste segregation, energy conservation and greening of the environment thru tree-planting activities.</u>   |
| Community interaction                     | The Company respects relevant laws and/or regulations in the community where the Company operates. Compliance with those laws and regulations is strictly monitored to prevent any damage to the quality of life of society, surrounding communities and the environment.   | <u>PLC supports the Department of Education's Adopt-a-School program benefitting 105 public school children to help them achieve normal nutritional status.</u><br><u>The aim is to afford them to do well in school and improve class attendance.</u><br><u>This is in line with the empowerment of the Company's host community and making them productive citizens.</u>   |
| Anti-corruption programmes and procedures | The Company's whistle blower policy was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any stakeholder may submit an incident report on suspected or actual violations of the Code of Business Conduct and Ethics and Discipline or any other applicable law or regulation. Upon receipt of an incident report, management is tasked to conduct an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. Anyone who in good faith reports a violation of the Code or policies or law shall not be retaliated upon or suffer harassment or adverse employment consequence.<br><br>In addition, the Company has issued Guidelines on Acceptance of Gifts which prohibits solicitation or | <u>As stated in the Company's Code of Business Conduct and Ethics, all Directors, officers and employees enjoined to freely raise concerns they may have within the Company verbally or thru the submission of written incident reports on suspected or actual violations of the Code of Business Conduct and Ethics or Code of Discipline. Management shall handle such reports with strict confidentiality and discretion and protect the identity of the person making such report. The same shall be Management's basis for conducting the investigation, subject to due process and applicable sanctions.</u> |

|                                | Policy   | Activities   |
|--------------------------------|--|--|
|                                | acceptance of gifts in any form from any business partner.   |  |
| Safeguarding creditors' rights | The Company observes propriety and acts with fairness and transparency in dealing with business partners (i.e., contractors, suppliers, creditors and other entities that engage in business with the Company). The Company adheres to its principles of healthy competition, equal opportunity and fair treatment of business partners. | The Company strictly respects agreements with creditors, manages loans according to lending objectives, ensures timely repayment of loans and interests, thoroughly honors loan conditions as agreed and competently operates the business to assure creditors about the Company's healthy financial standing and loan repayment capabilities. |

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

*In coordination with its parent Company, Belle Corporation, PLC participates in charitable causes and community organizations to help improve the quality of life of the community where it operates thru Belle Kaaqapay, its corporate social responsibility arm, details of which may be seen through the website [www.bellecorp.com](http://www.bellecorp.com)*

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company's Code of Business Conduct and Ethics states that:

- All officers and employees shall be selected, engaged and compensated based on qualification, merit and performance. They shall be treated fairly and accorded respect and dignity. Their individual and collective rights shall not be violated.
- The Company shall maintain a safe, productive and conducive workplace and environment and comply with all applicable health, safety and environmental laws. It shall foster harmonious relations among its officers and employees and establish free and honest communication with them.
- The Company endeavours to provide career advancement through a clearly defined promotion system based on employees' competencies, major contributions and accomplishments, work attitude and interpersonal relationship. The Company shall also offer its employees continuous learning sessions, seminars and workshops to improve and increase their level of competency, efficiency and general well-being.

(b) Show data relating to health, safety and welfare of its employees.

As of December 31, 2015, the Company has 7 employees, all of whom are full-time employees and are not subject to Collective Bargaining Agreements, broken down as follows:

|                                   |   |
|-----------------------------------|---|
| Executives                        | 3 |
| Senior Managers/Managers/Officers | 3 |
| Supervisors                       | 1 |
| Rank and File                     |   |
| TOTAL                             | 7 |

All regular employees are enrolled under a group life insurance plan with Generali and Ace Insurance and under a group health plan with Avega and Valucare. The Company also complies with government mandated benefits such as SSS, Philhealth and Pag-ibig for all employees.

The Company encourages good health and wellness through its various sports and fitness programs. Employees may use the courts and fitness facilities in the workplace and are encouraged to participate in SM Alliance games. The Company also conducts orientations and learning sessions on health-related matters, such as breast and cervical cancer awareness and detection, influenza and hepatitis B prevention and drug abuse awareness, to name a few.

(c) State the company's training and development programmes for its employees. Show the data.

The Company considers its officers and employees as important stakeholders of the Company and is committed to their continuous learning and growth. The Company offers its employees continuous learning sessions, seminars and workshops to improve and increase their level of competency, efficiency and general well-being.

|   | NAME OF TRAINING PROGRAMS           | NO. OF TRAINING HOURS | NO. OF PARTICIPANTS (2014) | NO. OF PARTICIPANTS (2015) |
|---|-------------------------------------|-----------------------|----------------------------|----------------------------|
| 1 | Corporate Governance framework      | 1 day (8 hours)       | 4                          |                            |
| 2 | Expanded Code of Ethics             | 1 day (8 hours)       | 4                          |                            |
| 3 | Personal Good Governance            | 1 day (8 hours)       | 4                          |                            |
| 4 | 7 Habits of Highly Effective People | 2 days (16 hours)     | 4                          | 4                          |
| 5 | Developing Leadership Skills        | 1 days (8 hours)      |                            | 4                          |
| 6 | Customer Service Training           | 1 days (8 hours)      |                            | 4                          |

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company endeavors to provide career advancement to employees through a clearly defined promotion system based on the employee's competencies, major contributions and accomplishments, work attitude and interpersonal relationships. Performance appraisals are conducted annually, and merit increases resulting from these appraisals are given to the deserving employee subject to the review and approval of management.

Employee compensation rewards are based on the individual performance of the employee as well as the overall performance of the Company. As such, the Company endeavors to offer attractive incentive plans that aims to advance employee retention and inspire optimum performance, with rewards that are consistent with the Company's long-term goals.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company's whistle blower policy was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any stakeholder may submit an incident report on suspected or actual violations of the Code of Business Conduct and Ethics and Discipline or any other applicable law or regulation. Upon receipt of an incident report, management is tasked to conduct an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. Anyone who in good faith reports a violation of the Code or policies or law shall not be retaliated upon or suffer harassment or adverse employment consequence.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

#### (a) Holding 5% shareholding or more

| Shareholder                                 | Number of Shares | Percent | Beneficial Owner  |
|---|------------------|---------|-------------------|
| Belle Corporation                           | 24,904,904,324   | 78.745% | Belle Corporation |
| PCD Nominee Corp. (Filipino) <sup>(1)</sup> | 4,411,453,170    | 13.948% | see footnote      |
| PCD Nominee Corp. (Non-Filipino)            | 2,016,162,315    | 6.375%  |                   |

(1) PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients.

| Name of Senior Management  | Number of Direct shares | Number of Indirect shares / Through (name of record owner) | % of Capital Stock |
|--|-------------------------|--|--------------------|
| NONE. There are no members of senior management that hold 5% shareholding or more. |                         |  |                    |

### 2) Does the Annual Report disclose the following:

|   |     |
|---|-----|
| Key risks   | Yes |
| Corporate objectives  | Yes |
| Financial performance indicators  | Yes |
| Non-financial performance indicators  | Yes |
| Dividend policy   | Yes |
| Details of whistle-blowing policy   | Yes |
| Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners | Yes |
| Training and/or continuing education programme attended by each director/commissioner   | Yes |
| Number of board of directors/commissioners meetings held during the year  | Yes |
| Attendance details of each director/commissioner in respect of meetings held  | Yes |
| Details of remuneration of the CEO and each member of the board of directors/commissioners  | Yes |

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure. Disclosures not included in the Annual Report can be viewed and downloaded from the PSE.

### 3) External Auditor's fee

| Name of auditor           | Audit Fee | Non-audit Fee |
|---------------------------|-----------|---------------|
| SyCip Gorres Velayo & Co. | ₱350,000  | ₱0.00         |

### 4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and PSE. Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE.

The Company also conducts briefings and meetings with investors, analysts and the press to keep them updated on the Company's various projects and financial and operational results. Those held in the Philippines were last February, June and October 2015. Those which took place in several parts of Asia and London, England were completed in July and September 2014 and January to March 2015.

5) Date of release of audited financial report: March 21, 2016

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

|  |     |
|--|-----|
| Business operations  | Yes |
| Financial statements/reports (current and prior years)                             | Yes |
| Materials provided in briefings to analysts and media                              | Yes |
| Shareholding structure   | Yes |
| Group corporate structure  | Yes |
| Downloadable annual report   | Yes |
| Notice of AGM and/or EGM   | Yes |
| Company's constitution (company's by-laws, memorandum and articles of association) | Yes |

Should any of the foregoing information be not disclosed, please indicate the reason thereto. N/A

7) Disclosure of RPT

| RPT                                  | Relationship | Nature                     | Value   |
|--------------------------------------|--------------|----------------------------|---|
| <b>ADVANCES TO RELATED PARTIES</b>   |              |                            |   |
| Belle Corporation                    | Parent       | Advances                   | 5,544,222<br>(non-interest bearing, due and demandable, unsecured, no impairment) |
| Belle Corporation                    | Parent       | Notes Receivable           | 805,925,000<br>(interest-bearing short-term notes, unsecured, no impairment)      |
| <b>ADVANCES FROM RELATED PARTIES</b> |              |                            |   |
| Belle Corporation                    | Parent       | Service and management fee | 1,585,000<br>(non-interest bearing, due and demandable, unsecured)                |

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?



The Company practices full disclosure of details of related-party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.

Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit Committee and the Risk Management Committee. This is to ensure that the Company conducts all related party transactions on an arm's length basis.

There is no transaction with the Company in which any Director or Executive Officer or any member of their family was involved or had any material interest.

**J. RIGHTS OF STOCKHOLDERS**

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

|                 |  |
|-----------------|--|
| Quorum Required | Majority of the stock issued and outstanding |
|-----------------|--|

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

|             |   |
|-------------|---|
| System Used | Vote of stockholders  |
| Description | Corporate acts are approved by the vote of stockholders owning the majority of the stock issued and outstanding of the Company. |

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

| Stockholders' Rights under The Corporation Code  | Stockholders' Rights <u>not</u> in The Corporation Code |
|--|---|
| <p><u>Voting Right</u></p> <ul style="list-style-type: none"> <li>▪ Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code of the Philippines.</li> <li>▪ Cumulative voting shall be used in the election of directors.</li> </ul>  |   |
| <p><u>Power of Inspection</u></p> <ul style="list-style-type: none"> <li>▪ The Company shall allow all stockholders to inspect books and records of the Company including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours.</li> <li>▪ Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions.</li> </ul> |   |

| Stockholders' Rights under<br>The Corporation Code  | Stockholders' Rights <u>not</u> in<br>The Corporation Code |
|---|--|
| <p><u>Right to Information</u></p> <ul style="list-style-type: none"> <li>▪ The Board shall ensure that all material information about the Company which could adversely affect its viability or the interests of the shareholders shall be publicly and timely disclosed through established procedures of the stock exchange and SEC.</li> <li>▪ Upon request, the Company shall provide the stockholders with periodic reports and information about 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.</li> </ul>  |  |
| <p><u>Right to Dividends</u></p> <ul style="list-style-type: none"> <li>▪ Subject to the discretion of the Board, all stockholders shall have the right to receive dividends.</li> <li>▪ <u>Dividends shall be paid to all shareholders within thirty (30) days from declaration.</u></li> </ul> <p>The Board of Directors adopted, as a matter of policy, that the Corporation shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of its businesses/subsidiaries, working capital needs and long term capital expenditures of its businesses/subsidiaries, and regulatory requirements on dividend payments, among others.</p> <p>At its meeting on March 05, 2015, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of March 20, 2015, with the payment date of April 17, 2015.</p> <p>At its meeting on <u>February 23, 2016</u>, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of <u>March 04, 2016</u>, with the payment date of <u>March 23, 2016</u>.</p> |  |
| <p><u>Appraisal Right</u></p> <ul style="list-style-type: none"> <li>▪ The stockholders shall have appraisal right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code, under any of the following circumstances: <ul style="list-style-type: none"> <li>a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;</li> <li>b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code.</li> <li>c. In case of merger or consolidation.</li> </ul> </li> </ul>  |  |

## Dividends

Subject to the discretion of the Board, all stockholders shall have the right to receive dividends.

- Dividends shall be paid to all shareholders within thirty (30) days from declaration.
- The Board of Directors adopted, as a matter of policy, that the Corporation shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of its businesses/subsidiaries, working capital needs and long term capital expenditures of its businesses/subsidiaries, and regulatory requirements on dividend payments, among others.
- At its meeting on March 05, 2015, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of March 20, 2015, with the payment date of April 17, 2015.
- At its meeting on February 23, 2016, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of March 04, 2016, with the payment date of March 23, 2016.

| Declaration Date  | Record Date    | Payment Date   |
|-------------------|----------------|----------------|
| March 05, 2015    | March 20, 2015 | April 17, 2015 |
| February 23, 2016 | March 04, 2016 | March 23, 2016 |

### (d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

| Measures Adopted  | Communication Procedure   |
|---|---|
| <p>Notice of the Annual Stockholders' Meeting is given to all stockholders at least 21 business days before the meeting to provide stockholders with enough time to examine the information. The Notice encloses essential and adequate facts on all items on the agenda for consideration and approval of the stockholders.</p> <p>As provided for in the Company's Revised Manual on Corporate Governance, minority stockholders have the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> | <ul style="list-style-type: none"> <li>• Notice of the Annual Stockholders' Meeting</li> <li>• SEC Form D20-IS</li> </ul>                       |
| <p>To facilitate stockholders who cannot attend the meeting, they are encouraged to fill out, date, sign and send a proxy. For corporate stockholders, the proxies should be accompanied by a Secretary's Certificate on the appointment of the corporation's authorized signatory.</p>   | <ul style="list-style-type: none"> <li>• Notice of the Annual Stockholders' Meeting</li> <li>• SEC Form D20-IS</li> <li>• Proxy Form</li> </ul> |
| <p>To ensure that all stockholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairmen and Members, Senior Management,</p>  | <ul style="list-style-type: none"> <li>• Notice of the Annual Stockholders' Meeting</li> <li>• SEC Form D20-IS</li> </ul>                       |

| Measures Adopted  | Communication Procedure |
|---|-------------------------|
| Corporate Secretary and the Independent Auditors are always present during the Annual Stockholders' Meeting. The meeting agenda provides an opportunity for stockholders to freely express their views and raise their concerns at the meeting. |                         |

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Corporate acts such as amendments to the Company's constitution, authorization of additional shares, and the transfer of all or of substantially all assets, which in effect results in the sale of the Company, are approved by the vote of stockholders owning the majority of the stock issued and outstanding of the Company. The agenda enclosed in the Notice of Annual Stockholders' Meeting would include such corporate acts for the consideration and approval of the stockholders.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? YES

- a. Date of sending out notices: March 28, 2016
- b. Date of the Annual/Special Stockholders' Meeting: April 25, 2016

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

To ensure that all stockholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairmen and Members, Senior Management, Corporate Secretary and the Independent Auditors are always present during the Annual Stockholders' Meeting. The meeting agenda provides an opportunity for stockholders to freely express their views and raise their concerns at the meeting.

The opportunities were presented to ask questions and raise issues but there were no questions or issues which the stockholders raised during the Annual Stockholders' Meeting.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

| Resolution  | Approving | Dissenting | Abstaining |
|---|-----------|------------|------------|
| Approval of the minutes of the previous meeting of stockholders | 100%      | –          | –          |
| Approval of 2014 operations and results                         | 100%      | –          | –          |
| Ratification of all acts of the Board of Directors and officers | 100%      | –          | –          |
| Election of directors   | 99.89%    | –          | 0.11%      |
| Appointment of SGV & Co. as external auditors                   | 100%      | –          | –          |

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

April 25, 2016

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

| Modifications  | Reason for Modification |
|--|-------------------------|
| NONE. There were no modifications made in the Annual Stockholders' Meeting regulations during the recent year. |                         |

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

| Type of Meeting | Names of Board members / Officers present   | Date of Meeting  | Voting Procedure (by poll, show of hands, etc.)  | % of SH Attending in Person | % of SH in Proxy | Total % of SH attendance |
|-----------------|---|------------------|--|-----------------------------|------------------|--------------------------|
| Annual          | <p>BOARD MEMBERS:</p> <ol style="list-style-type: none"> <li>1. Willy N. Ocier</li> <li>2. Frederic C. DyBuncio</li> <li>3. A. Bayani K. Tan</li> <li>4. Exequiel P. Villacorta, Jr.</li> <li>5. Juan Victor S. Tanjuatco</li> <li>6. Roman Felipe S. Reyes</li> </ol> <p><u>OFFICERS:</u></p> <ol style="list-style-type: none"> <li>1. <u>Armin B. Raquel – Santos</u></li> <li>2. <u>Jackson T. Ongsip</u></li> <li>3. <u>Dexter C. Reyes</u></li> <li>4. <u>Ma. Nerissa E. Cuevas</u></li> <li>5. <u>Elmer B. Serrano</u></li> <li>6. <u>Arthur A. Sy</u></li> <li>7. <u>Phil Ivan A. Chan</u></li> </ol> | <u>4/25/2016</u> | Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation; provided, however, that in the election of Directors, each stockholder shall be entitled to cumulate his votes in the manner provided for by law. | 0.001%                      | 83.512%          | 83.512%                  |

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

YES. Under the Company's Amended By-Laws, two inspectors shall be appointed by the Board of Directors before or at each meeting of the stockholders of the corporation, at which an election of directors shall take place. The inspectors shall receive and take charge of all proxies and ballots and shall decide all questions touching upon the qualifications of voters, the validity of proxies, and the acceptance and rejection of votes.

For purposes of the Annual Stockholders' Meeting on April 25, 2016, the Corporate Secretary and/or his representative together with the Audit Partner of the External Auditor and/or his representative have been designated as inspectors to oversee the counting of votes.

Alberto, Pascual & Associates, an accounting / auditing firm accredited with PRC/Board of Accountancy, was engaged to validate the results of voting at the 2016 Annual Stockholders' meeting.

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

YES. Each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation. Voting rights for each class of share are as follows:

| Share Class | Voting Rights   |
|-------------|---|
| Common      | Full voting rights  |
| Preferred   | No issuance as of December 31, <u>2015</u> ;<br>Rights and features shall be determined through a resolution of the BOD prior to issuance |

- (g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

|                                     | Company's Policies  |
|-------------------------------------|---|
| Execution and acceptance of proxies | Proxies of any stockholder entitled to vote at the meeting would be recognized, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney, and provided further that the proxy is filed with the Secretary of Corporation at least four (4) days before the meeting.   |
| Notary                              | Notarization of proxy forms is not required to encourage stockholders to apply their right to vote through the proxy forms.   |
| Submission of Proxy                 | All proxies should be received by the Corporation at least four (4) days before the meeting.  |
| Several Proxies                     | If the stockholder intends to designate several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. If some of the proxy forms do not indicate the number of shares, the total shareholding of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the |

|                         | Company's Policies  |
|-------------------------|---|
|                         | proxy form without the number of shares. If all are in blank, the stocks shall be distributed equally among the proxies.  |
| Validity of Proxy       | Proxies of any stockholder entitled to vote at the meeting would be recognized, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney, and provided further that the proxy is filed with the Secretary of Corporation at least four (4) days before the meeting. |
| Proxies executed abroad |   |
| Invalidated Proxy       |   |
| Validation of Proxy     |   |
| Violation of Proxy      |   |

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

| Policies | Procedure   |
|----------|---|
|          | Notice of time and place of regular or special meetings of stockholders shall be given by mailing or delivering written or printed notice of the same at least ten (10) days prior to the meeting, with postage and/or delivery charges prepaid, to each stockholder of record of the corporation entitled to vote at such meeting and addressed to the stockholder's last known post office address appearing on the corporate books of the corporation. |

(i) Definitive Information Statements and Management Report

|   |                          |
|---|--------------------------|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials  | 581                      |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners | March 28, 2016           |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders                                  | <u>April 25, 2016</u>    |
| State whether CD format or hard copies were distributed   | Soft copies in CD format |
| If yes, indicate whether requesting stockholders were provided hard copies  | No                       |

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

|   |     |
|---|-----|
| Each resolution to be taken up deals with only one item.  | Yes |
| Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election. | Yes |
| The auditors to be appointed or re-appointed.   | Yes |
| An explanation of the dividend policy, if any dividend is to be declared.   | Yes |
| The amount payable for final dividends.   | Yes |
| Documents required for proxy vote.  | Yes |

Should any of the foregoing information be not disclosed, please indicate the reason thereto. N/A

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

| Policies  | Implementation   |
|---|--|
| <p><u>Voting Right</u></p> <ul style="list-style-type: none"> <li>▪ Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code of the Philippines.</li> <li>▪ Cumulative voting shall be used in the election of directors.</li> <li>▪ A director shall not be removed without cause if it will deny minority shareholders representation in the Board.</li> </ul> | <ul style="list-style-type: none"> <li>▪ During the Annual Stockholders' Meeting held last <u>April 25, 2016</u> members of the Company's Board of Directors were nominated and elected to serve for the year <u>2016-2017</u> and until their successors are duly elected and qualified.</li> </ul>   |
| <p><u>Power of Inspection</u></p> <ul style="list-style-type: none"> <li>▪ The Company shall allow all stockholders to inspect books and records of the Company including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours.</li> <li>▪ Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions.</li> </ul>                  | <ul style="list-style-type: none"> <li>▪ The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and the PSE.</li> <li>▪ Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE.</li> <li>▪ The Company undertakes to provide printed copies of the Information Statement and Annual Report upon written request of any stockholder entitled to vote at the Annual Stockholders' Meeting without charge.</li> </ul> |



| Policies   | Implementation   |
|--|--|
| <p><u>Right to Information</u></p> <ul style="list-style-type: none"> <li>▪ The Board shall ensure that all material information about the Company which could adversely affect its viability or the interests of the shareholders shall be publicly and timely disclosed through established procedures of the stock exchange and SEC.</li> <li>▪ Upon request, the Company shall provide the stockholders with periodic reports and information about 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.</li> <li>▪ The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</li> <li>▪ The minority shareholders shall have access to all information relating matters for which the management is accountable and to those relating to matters for which the management should include in such information. If not included the minority shareholders can propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".</li> </ul> | <ul style="list-style-type: none"> <li>▪ The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and the PSE.</li> <li>▪ Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE.</li> <li>▪ Information about 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 are disclosed in the Company's SEC Form 17-A.</li> </ul>   |
| <p><u>Right to Dividends</u></p> <p>Subject to the discretion of the Board, all stockholders shall have the right to receive dividends.</p> <p><u>Dividends shall be paid to all shareholders within thirty (30) days from declaration.</u></p> <ul style="list-style-type: none"> <li>▪ The Board of Directors adopted, as a matter of policy, that the Corporation shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of its businesses/subsidiaries, working capital needs and long term capital expenditures of its businesses/subsidiaries, and</li> </ul>  | <p>The Company's By-Laws provide that dividends upon the capital stock of the corporation may be declared by the Board of Directors in the manner and form provided by law.</p> <ul style="list-style-type: none"> <li>▪ At its meeting on March 05, 2015, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of March 20, 2015, with the payment date of April 17, 2015.</li> <li>▪ At its meeting on <u>February 23, 2016</u>, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of <u>March 04, 2016</u>, with the payment date of <u>March 23, 2016</u>.</li> </ul> |

| Policies   | Implementation   |
|--|--|
| regulatory requirements on dividend payments, among others.  |  |
| <p><u>Appraisal Right</u></p> <ul style="list-style-type: none"> <li>▪ The stockholders shall have appraisal right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code, under any of the following circumstances: <ul style="list-style-type: none"> <li>a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;</li> <li>b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code.</li> <li>c. In case of merger or consolidation.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▪ The matters voted upon in the Annual Stockholders' Meeting held last <u>April 25, 2016</u> are not among the instances whereby the right of appraisal, defined to be the right of any stockholder to dissent and demand payment of the fair value of his shares, may be exercised.</li> </ul> |

(b) Do minority stockholders have a right to nominate candidates for board of directors?

YES. Minority stockholders have a right to nominate candidates for the board of directors as provided for in the Revised Manual on Corporate Governance.

**K. INVESTORS RELATIONS PROGRAM**

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Financial statements and results of operations are disclosed quarterly. Before submission to the PSE and SEC, these reports are presented to the Audit Committee and the Board of Directors for their review and approval. The Corporate Information Officer approves all disclosures that will be made available to the public.

Annual reports, financial statements and other disclosures may be viewed and downloaded from the PSE.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

|                | Details   |
|----------------|---|
| (1) Objectives | <ul style="list-style-type: none"> <li>▪ To assist investors in making investment decisions with regards to their shareholdings in the Company</li> </ul> |

|                                | Details  |
|--------------------------------|--|
|                                | <ul style="list-style-type: none"> <li>▪ To guide analysts in formulating their forecasts and recommendations with regard to the valuation and prospects of the Company</li> <li>▪ To provide the regulators, the media and the general public with the most current information about the Company, which will have a material impact on the company's overall growth and profitability</li> <li>▪ To handle enquiries and manage relations with investors, analysts, shareholders and the general public</li> </ul> |
| (2) Principles                 | <ul style="list-style-type: none"> <li>▪ Transparency and accountability to all existing and potential investors</li> <li>▪ Fairness and level playing field for all stakeholders</li> </ul>   |
| (3) Modes of Communications    | <ul style="list-style-type: none"> <li>▪ Annual reports, financial statements and other disclosures may be viewed and downloaded from the PSE.</li> <li>▪ The Company conducts briefings and meetings with investors, analysts and the press to keep them updated on the Company's various projects and financial and operational results.</li> </ul>  |
| (4) Investor Relations Officer | Mr. Armin B. Raquel-Santos<br>Executive Vice President and Chief Operations Officer<br>Email: <a href="mailto:armin.raquel-santos@bellecorp.com">armin.raquel-santos@bellecorp.com</a><br>Telephone No.: 662-8888  |

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?  
Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

Before any extraordinary transaction is finalized, the Company performs due diligence, benchmarking and cost-benefit analysis procedures to ensure that the transaction is in line with the long-term sustainability of the business and within the core competency of the Group. In addition, Board, stockholder and regulatory approvals are obtained first before such transaction is finalized.

The independent party to be appointed may vary depending on the type of the transaction (e.g., investment banks, external auditors, third party appraisers and legal and tax consultants).

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Discuss any initiative undertaken or proposed to be undertaken by the company.

| Initiative                 | Beneficiary  |
|----------------------------|--|
| Medical and Dental Mission | Residents of Brgy. Mabato, Calamba, Laguna, Barangay Calabuso, Tagaytay, Cavite, Brgy. Suplang, Tanauan, Batangas  |
| Education                  | Department of Education's Brigada Eskwela 2015:<br><ul style="list-style-type: none"> <li>• Dona Maria Laurel Platon (Aya) / Montana / Quiling / Sulpoc / Tranca Elementary Schools</li> </ul> |
| Health (feeding program)   | <ul style="list-style-type: none"> <li>• 346 public school children from Tanauan &amp; Talisay, Batangas</li> <li>• Tambo Elementary School, Paranaque</li> </ul>                              |

| Initiative   | Beneficiary                        |
|--|------------------------------------|
| Annual 'One Tree at a Time' tree planting activity (in partnership with Highlands Prime, Inc. and the ASEAN Centre for Biodiversity) | Tagaytay Highlands and its members |

**M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL**

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

|                      | Process  | Criteria  |
|----------------------|--|---|
| Board of Directors   | The Board conducts an annual performance self-evaluation.<br><br>The performance evaluation is based on the duties and responsibilities of the Board of Directors, Board Committees, individual directors and President as provided for by the Manual on Corporate Governance and By-Laws.   | 1. Independence<br>2. Leadership<br>3. Expertise<br>4. Corporate Governance           |
| Board Committees     |  | 1. Independence<br>2. Leadership<br>3. Expertise<br>4. Corporate Governance           |
| Individual Directors | Directors are also asked to identify areas for improvement, such as training/ continuing education programs or any other forms of assistance that they may need in the performance of their duties. The evaluation forms also include items on support services given to the Board, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings and their accessibility to Management, the Corporate Secretary and Board Advisors. | 1. Independence<br>2. Leadership<br>3. Expertise<br>4. Corporate Governance           |
| CEO/President        | The Board of Directors conducted an annual performance evaluation of the CEO / President on 30 October 2015 . The performance evaluation was based on the duties and responsibilities of the CEO / President as provided for by the Manual on Corporate Governance and By-Laws.  | 1. Leadership<br>2. Integrity<br>3. Diligence<br>4. Adherence to Corporate Governance |


## N. INTERNAL BREACHES AND SANCTIONS


Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

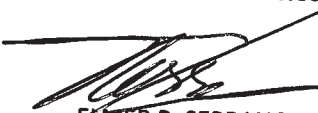
| Violations   | Sanctions  |
|--|--|
| Violation of any of the provisions in the Revised Manual on Corporate Governance | In case of <u>first violation</u> , the subject person shall be warned, reprimanded or suspended depending on the severity of the violation. Any first violation that results in any notable financial loss for the Company shall at least be reprimanded or suspended.      |
|  | A <u>second violation</u> may require suspension depending on the gravity of the violation.  |
|  | For the <u>third violation</u> , the maximum penalty of removal from office may be imposed. When removed, the subject directors, officers or staff of the Company or its subsidiaries and affiliates, shall not be granted additional benefits except those required by law. |

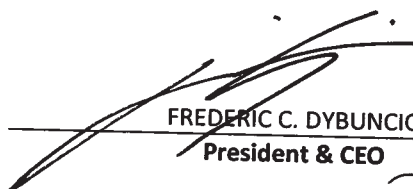
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Manila on AUG 23 2014, 2014.

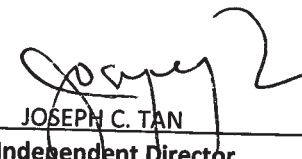
**SIGNATURES**

  
 \_\_\_\_\_  
 WILLY N. OCIER  
 Chairman of the Board

  
 \_\_\_\_\_  
 ROMAN FELIPE S. REYES  
 Independent Director  
 Corporate Governance Committee Chairman

  
 \_\_\_\_\_  
 ELMER B. SERRANO  
 Corporate Secretary/Compliance Officer

  
 \_\_\_\_\_  
 FREDERIC C. DYBUNCIO  
 President & CEO

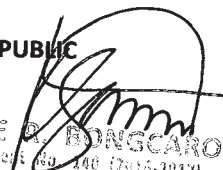
  
 \_\_\_\_\_  
 JOSEPH C. TAN  
 Independent Director  
 Corporate Governance Committee Member

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of AUG 23 2014 2014, affiant(s) exhibiting to me their \_\_\_\_\_ as follows:

| NAME                  | PASSPORT/<br>DRIVERS LICENSE<br>NUMBER | DATE OF ISSUE   | PLACE OF ISSUE |
|-----------------------|--|-----------------|----------------|
| WILLY N. OCIER        | EB6130282                              | August 14, 2012 | Manila         |
| FREDERIC C. DYBUNCIO  | EC0634893                              | March 22, 2014  | Manila         |
| ROMAN FELIPE S. REYES | 106-205-125-000                        |                 |                |
| JOSEPH C. TAN         | 119-873-261-000                        |                 |                |
| ELMER B. SERRANO      | 153-406-995-000                        |                 |                |

Doc No. 103  
 Page No. 34  
 Book No. I  
 Series of 2014

PLC ACGR a.o. 07282016

**NOTARY PUBLIC**  
  
 KRISTINE B. BONGCARON  
 Appointment No. 190 (2016-2017)  
 Notary Public for Pasig City  
 Until December 31, 2017  
 Attorneys Roll No. 68859  
 37th Floor The United Square  
 F. Ortigas Jr. Road (JICA Center) Pasig City  
 P1906, 1906001, 919101 Pasig City  
 IGP No. 1020250, 91-06-10 RSM

# REVISED MANUAL ON CORPORATE GOVERNANCE



P R E M I U M  
L E I S U R E C O R P .

July 2016

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## **REVISED MANUAL ON CORPORATE GOVERNANCE PREMIUM LEISURE CORP.**

The Board of Directors (the "Board"), Executive Committee, Management and *Employees of Premium Leisure Corp. (PLC – the "Corporation")*, hereby commit themselves to an open governance process through which its shareholders and other stakeholders may derive assurance that, in protecting and adding value to PLC's financial and human investment, the Company is being managed ethically, according to prudently determined risk parameters, and striving to achieve local best practices.

### **Vision:**

*Premium Leisure Corp. is the market leader in investments holding  
for sustainable gaming ventures in the Philippines*

### **Mission:**

- \* To create opportunities for growth through strategic and lucrative investments*
- \* To enhance shareholder value for the Company's partners and investors;*
- \* To promote mutually beneficial relationship with all the stakeholders that is grounded on  
transparency, integrity and respect;*
- \* To enhance the quality of life of the communities it serves.*

### **RULES OF INTERPRETATION**

*All references to the masculine gender in the salient points of this Manual shall likewise cover the  
feminine gender.*

### **DEFINITION OF TERMS**

- a. Corporate Governance. The framework of rules, systems and processes in the Corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates;*
- b. Board of Directors. The governing body elected by the stockholders that exercises the corporate powers of the Corporation, conducts all its business and controls its properties;*
- c. Exchange. An organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;*
- d. Management. The body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation;*
- e. Independent Director. A person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;*
- f. Executive Director. A director who is also the head of a department or unit of the Corporation or performs any work related to its operation;*

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g. Non-Executive Director. A director who is not the head of a department or unit of the Corporation nor performs any work related to its operation;

h. Non-Audit Work. The other services offered by an external auditor to the Corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor;

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

j. Internal Control System. The framework under which internal controls are developed and implemented to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Corporation is exposed;

k. Internal Audit. An independent and objective assurance activity designed to add value to and improve the Corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;

l. Internal Audit Department. A department of the Corporation that provides independent and objective assurance services in order to add value to and improve the Corporation's operations;

## I. OBJECTIVE

This manual shall institutionalize the principles of good corporate governance in the entire organization. Corporate governance is the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders, which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.

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

## II. COMPLIANCE SYSTEM

### 2.1 COMPLIANCE OFFICER

2.1.1 To ensure adherence to corporate principles and best practices, the *Board* shall *designate* a Compliance Officer who shall monitor the progress and status of the Company's corporate governance activities. He shall have direct reporting responsibilities to the Chairman of the Board.

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

2.1.3 The Compliance Officer shall have the following duties and responsibilities:

- 2.1.3.1 Promote awareness of good corporate governance and accountability within the Company;
- 2.1.3.2 Monitor compliance with the provisions and requirements of this Manual, determine violation/s of the Manual and recommend penalty for violation thereof for further review;
- 2.1.3.3 Appear before the Commission upon summons on relevant matter that need to be clarified by the same;
- 2.1.3.4 Ensure compliance with the Code of Corporate Governance of the Philippines;
- 2.1.3.5 Plan and organize seminars for the continuing progression of all the directors and key officers of the Company.
- 2.1.3.6 Identify, monitor and control compliance risks.

## **2.2 PLAN OF COMPLIANCE**

### **2.2.1 Board of Directors**

Compliance with the principles of good corporate governance shall start with the Board. It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities to ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders.

### **2.2.2 Board Diversity Policy**

We value, promote and observe a policy on diversity in the composition of our Company's Board of Directors.

Diversity in age, gender, ethnicity, experience, field expertise, and personal qualities shall be considered by the Board as it installs a process of selection to ensure a mix of competent directors and key officers.

### **2.2.3 General Responsibility**

A director shall act in a manner characterized by transparency, accountability and fairness.

### **2.2.4 Composition**

The Corporation's directors shall be elected at each annual meeting of the stockholders, to serve for a term of one (1) year. Each director shall be eligible for re-election in accordance with the Articles of Incorporation of the Corporation. The names of the directors submitted for election or re-election shall be accompanied by sufficient biographical details to enable shareholders to make an informed decision in respect of their election.

As provided in the Corporate Governance Code of the Philippines and in compliance thereof, the Corporation shall have at least two independent directors or such number as will constitute 20% of the members of the Board, but in no case less than two (2).

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All directors shall have access to the advice and services of the Corporate Secretary and, if necessary, shall be able to take independent professional advice in the furtherance of their duties, at the Corporation's expense.

#### **2.2.5 Multiple Board Seats**

A director shall exercise due discretion in accepting and holding directorships outside of the Corporation. A director may hold directorships outside of the Corporation provided that these positions do not retract from the director's capacity to diligently perform his duties as a director of the Corporation, and in consideration of the following guidelines:

- 2.2.5.1 The nature of the business of the Corporation of which he is a director;
- 2.2.5.2 The age of the director;
- 2.2.5.3 Number of directorship/active memberships and officerships in other corporation or organization; and
- 2.2.5.4 Possible conflict of interest.

#### **2.2.6 Specific Duties and Functions of the Board**

To ensure a high standard of best practice for the Corporation, and to promote and protect the interest of the Corporation, its stockholders and its stakeholders, the Board shall conduct itself with honesty and integrity in the performance, among others, the following dues and responsibilities:

- 2.2.6.1 Install a process of selection to ensure a mix of competent directors and officers, regardless of age, gender, race and religion;
- 2.2.6.2 Determine and regularly review, together with Management, the Corporation's vision, mission, goals and strategies;
- 2.2.6.3 Determine and oversee the implementation of the strategies and plans to carry out the Corporation's objectives as Management's over-all performance is regularly appraised;
- 2.2.6.4 Institute a plan of succession for key Management positions in the Corporation;
- 2.2.6.5 Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- 2.2.6.6 Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relation with them through an effective investor relations program;
- 2.2.6.7 Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them.
- 2.2.6.8 Adopt a system of internal checks and balances;
- 2.2.6.9 Identify and monitor with due diligence key risk areas and key performance indicators, and manage the same especially those categorized as having high impact with high probability of occurrence;
- 2.2.6.10 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;
- 2.2.6.11 Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations;
- 2.2.6.12 Formulate and implement policies to ensure the integrity of related party transactions between and among the company and its related companies, business associates, major

- 
- stockholders, officers, directors and their spouses, children, dependent siblings and parents, and of interlocking director relationships, and:*
- 2.2.6.13 *Establish and maintain an alternative dispute resolution system to settle conflicts between the Corporation and its stockholders or other third parties, including regulatory authorities.*

## **2.2.7 Duties and Responsibilities of a Director**

To ensure a high standard of best practice 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 specific duties and responsibilities:

- 2.2.7.1 Conduct fair business transactions with the *Corporation* and to ensure that personal interest does not bias Board decisions. He shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality, should an actual or potential conflict of interest should arise, he should fully and immediately disclose the same and should not participate in the decision-making process.
- 2.2.7.1.1 A conflict of interest arises when the director's personal or business interest is antagonistic to that of the *Corporation*, or that he stands to acquire or gain financial advantage at the expense of the Corporation;
- 2.2.7.2 Devote time and attention necessary to properly discharge duties and responsibilities. He should devote sufficient time to familiarize himself with the *Corporation's* business. He should be constantly aware of, and knowledgeable with, the *Corporation's* operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials, and, if called for, ask questions or seek explanation.
- 2.2.7.3 Act judiciously. He shall evaluate the issues, ask questions and seek clarifications necessary before deciding on any matter brought before the Board;
- 2.2.7.4 Exercise independent judgment. He shall review each problem or situation objectively. Should a disagreement with other directors arise, he should carefully evaluate and explain his position. He should not be afraid to take unpopular positions if he thinks such ideas are beneficial to the *Corporation*;
- 2.2.7.5 Have a working knowledge of the statutory and regulatory requirements affecting the *Corporation*, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies. He shall also keep himself informed of the industry developments and business trends in order to safeguard the *Corporation's* competitiveness;
- 2.2.7.6 Observe confidentiality. He should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He shall not disclose any information to any other person without the authority of the Board or the Executive Committee;
- 2.2.7.7 Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment; and

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2.2.7.8 Attend before assumption of office and annually thereafter a seminar on corporate governance conducted by a duly recognized private or government institute.

To enable the Board to properly fulfill their duties and responsibilities, management should provide directors with complete and timely information about the matters in the agenda of the meetings. Directors should be given independent access to management and the Corporate Secretary, as well as to independent professional advice.

## **2.2.8 Chairman of the Board**

*In addition to the duties and responsibilities of the Chairman as provided in the Corporation's By-Laws, he shall be responsible for the following:*

2.2.8.1 Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman shall deem necessary.

2.2.8.2 Preside at all meetings of stockholders and directors.

2.2.8.3 Supervise the preparation of the agenda of each meeting of the Board, the Shareholders, and any of the committees of the Board with the Corporate Secretary, taking into account the suggestions of the President and Chief Executive Officer (CEO), Management and other directors.

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

2.2.8.5 *Have general supervision and administration of the affairs of the Corporation.*

2.2.8.6 *Initiate and develop corporate objectives and policies and formulate long range projects, plans, and programs for the approval of the Board*

2.2.8.7 *Carry out the resolutions of the Board and represent the Corporation at all function and proceedings, and*

2.2.8.8 *Perform such other duties that are incident to his office or are entrusted to him by the Board.*

The roles of the Chairman and President and CEO shall be separate to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and President and CEO upon their election.

## **2.2.9 Meetings of the Board**

2.2.9.1 *Members of the Board should attend regular and special meetings of the Board in person or via teleconference or videoconference or by any other technological means allowed by the Commission.*

2.2.9.2 *The Board may, to promote transparency, require the presence of at least one (1) independent director in all of its meetings. However, the absence of an independent director shall not affect*

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the quorum requirements if he is duly notified of the meeting but notwithstanding such notice fails to attend.

2.2.9.3 The Board of Directors shall meet at least six (6) times a year. Board meetings shall be scheduled in advance before the start of the year.

2.2.9.4 Items to be discussed during the board meeting shall be made available to each director at least seven (7) days in advance. In emergency circumstances, however, the meeting may be called on a shorter notice.

2.2.9.5 Non-executive Directors shall meet once a year without the presence of Executive Directors and key officers.

2.2.9.6 Presence of 2/3 of the directors is required when determining the quorum of the meeting.

### **2.2.10 Compensation of Directors**

Directors, as such, shall not receive any compensation unless approved by the stockholders or provided in the Corporation's By-Laws. No director should participate in the approval of his compensation. However, the Board may, from time to time, approve a reasonable per diem that a director may receive for attendance in Board and Board Committee meetings.

## **2.3 Board Committees**

To help focus on specific corporate governance responsibilities and to aid in compliance thereof, the Board created seven (7) Committees namely Executive Committee; the Nomination Committee, the Compensation and Remuneration Committee, the Audit Committee, the Risk Management Committee, the Corporate Governance Committee, and the Related Party Transaction Review Committee.

### **2.3.1 The Executive Committee**

The Executive Committee shall consist of at least three (3) members of the Board. Members of the Committee shall be appointed by the Board, who shall also appoint a Committee Chairperson and Committee Secretary. In accordance with this, members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board.

The Executive Committee's primary purpose is to function when the Board is not in session. The Committee shall have all the power and authority of the Board in the governance, management and direction of the business and affairs of the Company except for those matters expressly provided for in Section 35 of the Corporation Code, the Company's By-Laws and other pertinent laws, rules or regulations.

The Executive Committee shall have the following duties and responsibilities:

2.3.1.1 Assist the Board in overseeing the implementation of strategies;

2.3.1.2 Review of major issues facing the organization;

2.3.1.3 Monitoring of the operating activities of each business group;

2.3.1.4 Defining and monitoring the Company's performance improvement goals;

2.3.1.5 Defining group-wide policies and actions and overseeing their implementation;

2.3.1.6 Fostering the sharing of information in all areas of the business group.



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An act of the Executive Committee which is within the scope of its power shall not require ratification or approval for its validity and effectivity.

All actions of the Executive Committee shall be reported to the Board at the meeting thereof.

### **2.3.2 Nomination Committee**

The Nomination Committee shall consist of at least three (3) voting directors, one of whom must be independent. In accordance with this, the members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the Board of Directors.

The Committee's role is to determine the nominees for election to the Company's Board of Directors, which may be done by identifying through professional search firms or other similar mechanisms, and by recommending candidates to fill vacancies occurring between annual shareholder meetings, and to provide communications with the Board of Directors and, as appropriate, communications with shareholders and regulators.

The Nomination Committee shall have the following duties and responsibilities:

- a. Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications provided under the Revised Manual on Corporate Governance and all relevant rules and regulations.
- b. Ensure that all candidates nominated by shareholders to become a member of the Board of Directors shall possess the ideals and values that are aligned to the Company's vision and mission statements, and strategic directions.
- c. Assesses the relevant work experiences, educational background, competencies and track record of candidates in light of the strategic goals and objectives of the Company;
- d. In consultation with the appropriate executive or management committee/s, redefine the role, duties and responsibilities of the Chief Executive Officer (CEO) by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
- e. Disclose the process it follows in selecting the CEO and in installing succession planning for the position of CEO and all key senior officer positions of the Corporation.
- f. Determine the number of directorships which a member of the Board of Directors may hold, in accordance with the guidelines provided under the Revised Manual on Corporate Governance and all relevant rules and regulations.
- g. Nominate candidate/s in case any vacancy occurs by reason of death, resignation, retirement or disqualification that may be filled by the affirmative vote of a majority of the remaining directors constituting a quorum provided that specific slots for Independent Directors shall not be filled by unqualified nominees.
- h. Ensure that effective processes are in place to provide continuity of Board and executive leadership.

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The CEO and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

The Nomination Committee may engage the services of an external body to facilitate the evaluation of the Board of Directors as a whole, the individual directors, Board Committees, and the President; at least once every three (3) years.

### **Nomination and Election of Board of Directors**

Members of the Board of Directors are nominated through the Nomination Committee (the "Committee") and elected at the annual meeting of the stockholders to serve for a term of one (1) year until their successors are duly elected and qualified, provided, however, that at least two (2) members of the Board of Directors, or at least 20% of the total number of members thereof, whichever is the lesser, shall be independent. It shall be the responsibility of the Chairman of the Stockholders' Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors

Any vacancy occurring in the Board of Directors by reason of death, resignation, retirement or disqualification may be filled by the affirmative vote of a majority of the remaining directors constituting a quorum, upon the nomination of the Nomination Committee, provided that specific slots for Independent Directors shall not be filled by unqualified nominees. A director elected to fill a vacancy shall be elected for the expired terms of his predecessor in office.

Nomination of directors shall be conducted by the Committee prior to a stockholders' meeting.

All nominations, inclusive of each nominee's acceptance, shall be submitted in writing thru the Corporate Secretary to the Committee by any stockholder of record on or before January 30 of each year to allow the Committee sufficient time to assess and evaluate the qualifications of the nominees. A stockholder of record, including a minority stockholder, entitled to notice of, and to vote at, the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated for election as a director.

The Committee may engage the services of professional search firms or other reputable external sources when searching for candidates for election to the Board of Directors.

The name of the person or group of persons who recommended the nomination of the Independent Director(s) shall be identified in such report including any relationship with the nominee.

The Committee meets, pre-screens and evaluates the qualifications of all persons nominated for election to the Board of Directors from the pool of candidates submitted by the nominating stockholders. The Committee will then prepare the Final List of Candidates after considering the qualifications and disqualifications set forth in the Amended By-Laws of the Corporation. The same shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports as the Corporation will be required to submit to the SEC.

Only nominees qualified by the Committee and whose names appear on the Final List of Candidates shall be eligible for election either as Independent Directors or as Regular Directors. No other nominations

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for election as director shall be entertained after the Final List of Candidates has been prepared and finalized. No further nominations for election as director shall be entertained or allowed on the floor during the annual stockholders' meeting.

Based on the Final List of Candidates, directors are elected by shareholders individually. The vote required for the election of directors is majority of the outstanding capital stock. The election of Directors shall be by ballot and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as Directors, or he may cumulate or give to one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected.

To preserve the integrity of the election process, the Corporation may employ the services of a third party to validate the voting results.

### **Qualifications for Directorship**

A director of the Corporation must possess the following qualifications:

- a. Holder of at least one (1) share of stock of the Corporation;
- b. at least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business;
- c. He shall be at least twenty one (21) years old;
- d. He shall be proven to possess integrity and probity;
- e. He shall be assiduous;
- f. Considerable involvement in real estate industry
- g. Proven to possess the appropriate level of skill and experience in line with the strategic plans and goals of the Corporation, and
- h. In addition to the qualifications for membership in the Board required in relevant laws, the Board may provide for additional qualifications, which may include practical understanding of the Corporation's business, membership in good standing in relevant industry, business or professional organizations, and previous business experience.

### **Disqualifications from Directorship**

The following individuals are disqualified from being a director of the Corporation.

- a. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

- 
- b. Any person finally found by the Securities and Exchange Commission (the “Commission”) or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas (the BSP), or any rule, regulation or order of the Commission or BSP;
- c. Any person judicially declared to be insolvent;
- d. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct *listed in the foregoing paragraphs*;
- e. Conviction by final judgment of an offense punishable by imprisonment for *a period exceeding six (6) years*, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.
- f. No person shall qualify or be eligible for nomination or election to the Board if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:
- i. If he is the owner (either of record or as beneficial owner) of 5% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 20% of the capital stock) which is engaged in a business directly competitive to that of the Corporation or any of its subsidiaries or affiliates;
  - ii. If he is an officer, manager or controlling person of, or the owner or any member of his immediate family is the owner (either of record or as beneficial owner) of 5% or more of any outstanding class of shares of any corporation (other than one in which the Corporation owns at least 20% of the capital stock) which is an adverse party in any suit, action or proceeding (of whatever nature, whether civil, criminal, administrative or judicial) by or against the Corporation, which has been actually filed or threatened, imminent or probably, to be filed;
  - iii. If he is determined by the Board, in the exercise of its judgment in good faith, to be the nominee, officer, trustee, adviser or legal counsel, of any individual set forth in (i) and (ii) hereof.

### **Temporary Disqualification**

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

- a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing rules and regulations. This disqualification shall be in effect as long as his refusal persists;
- b. Absence or non-participation for whatever reason/s for more than 50% of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during his incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election;

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- c. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the *alleged irregularity*;
  - d. *If the independent director becomes an officer or employee of the same corporation, he shall be automatically disqualified from being an independent director*;
  - e. Conviction that has not yet become final referred to in the grounds for disqualification of directors
  - f. An independent director whose beneficial equity ownership in a company or its subsidiaries and affiliates exceeds 2% of the subscribed capital stock is temporarily disqualified from being a director of the company, until his beneficial equity ownership reverts to the 2% limit.

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

#### **Additional Qualifications for Independent Directors**

In addition to the foregoing qualifications and disqualifications, a director nominated and elected as independent shall likewise meet the following requirements:

- a. He is not a director or officer of the Corporation or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing.
- b. He does not own more than two percent (2%) of the shares of the Corporation and/or of its related companies or any of its substantial shareholders.
- c. He is not related to any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholder. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister.
- d. He is not acting as a nominee or representative of any director or substantial shareholder of the Corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement.
- e. He has not been employed in any executive capacity by the Corporation, any of its related companies, and/or by any of its substantial shareholder within the last five (5) years.
- f. He is not retained as professional adviser by the Corporation, and/or any of its related companies and/or any of its substantial shareholders within the last five (5) years.
- g. He is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Corporation, any of its related companies and/or any of its substantial shareholders, either personally or through his firm.
- h. He has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of

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which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.

- i. He must be independent of Management, substantial shareholdings and material relations, whether it be business or otherwise, which could reasonably be perceived to impede the performance of independent judgement.

For purposes of the foregoing, a “related company” of the Company shall be any of the following: (i) its parent company, (ii) its subsidiaries, or (iii) subsidiaries of its parent company. Also, a “substantial shareholder” shall mean any person who, directly or indirectly, beneficially owns more than ten percent (10%) of any class of security issued by the Company.

### 2.3.3 Compensation and Remuneration Committee

The Compensation and Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director. Its role is to decide, determine and approve by a majority vote matters relating to compensation, remuneration and benefits of the Company's officers and directors and to provide communications with the Board of Directors and, and as appropriate, communications with shareholders and regulators.

The Compensation and Remuneration Committee shall have the following duties and responsibilities:

- a. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy, and control environment.
- b. Designate the amount of remuneration, which shall be in sufficient level to attract and retain directors and officers who are needed to run the company successfully.
- c. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among other, 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.
- d. Disallow any director to decide his own remuneration.
- e. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclose of compensation of its executive officers for the previous fiscal year and the ensuing year.
- f. Review 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 with all statutory requirements that must be periodically met in their respective posts.
- g. Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

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#### 2.3.4 Audit Committee

The Audit Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director, who shall be the Chairman thereof. Each member shall have adequate *experience* and competent understanding of finance and accounting processes.

The Audit Committee shall have the following duties and responsibilities:

- a. Endorse the appointment, re-appointment and removal of the External Auditor;
- b. Approve the appointment, evaluate the performance and confirm the removal of the Chief Audit Executive;
- c. Seek any information it requires from Management, and all other employees;
- d. Gain access to all records, documents, properties, assets and personnel within the Company;
- e. Review the scope of work of the auditors after considering their assessment of internal controls and risks identified;
- f. Obtain any external professional advice and expertise if so required;
- g. Investigate any activities within its scope of responsibilities, or as may be required by the Board.
- h. Review the impact of significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements on the financial statements.
- i. Review with Management and the external auditors the results of the audit, including any difficulties encountered.
- j. Review and endorse to the Board for approval, the quarterly, mid-year and annual financial statements; consider their completeness and consistency with information known to the Committee and compliance with accounting principles and standards, and regulatory requirements.
- k. Review accuracy and completion of other sections of the annual report and related regulatory filings before release.
- l. Understand how Management develops interim financial information, and the nature and extent of internal and external auditor involvement; and review same before filing with regulators.
- m. The Committee shall meet at least four (4) times a year and may hold private meetings with auditors and executive sessions (i.e. without the presence of management).
- n. Other duties and responsibilities shall be provided in the Audit Committee Charter.

#### 2.3.5 The Risk Management Committee

The Committee shall consist of at least three (3) members of the Board of Directors. The Committee shall be chaired by an independent director.

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The Committee shall assist and advise the Board in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's business and financial risk profile, risk management system and accomplishment of its objectives.

The Risk Management Committee shall have the following duties and responsibilities:

- a. Review the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.
- b. Ensure that Management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.
- c. Advise the Board, in consultation with Management, on the overall risk management program of the Company as it relates to its risk appetite and strategic direction.
- d. May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.
- e. Meet separately with the Chief Risk Officer to discuss any matters that the Committee or auditors believe should be discussed privately.
- f. Review the details of the Company's related party transactions.
- g. Review and assess the adequacy of the Committee Charter annually, requesting Board approval for any proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- h. Evaluate the Committee's and individual members' performance on a regular basis.
- i. The Committee shall meet twice year.
- j. Other duties and responsibilities shall be provided in the Risk Management Committee Charter.

### **2.3.6 The Corporate Governance Committee**

The Committee shall consist of at least three (3) members of the Board of Directors. The Committee shall be chaired by an independent director.

The Corporate Governance Committee assists and advises the Board of Directors in performing corporate governance compliance responsibilities in relation with the Company's Manual on Corporate Governance, the Philippine Code of Corporate Governance, and disclosure rules of the Securities and Exchange Commission and the Philippine Stock Exchange, Inc.

The Corporate Governance Committee shall have the following duties and responsibilities:

- a. Develop and review the Company's policies and practices in corporate governance and make recommendations to the Board;



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- b. Review and monitor the training and continuous professional development of directors and senior management;
  - c. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
  - d. Develop, review, update and monitor the code of conduct and compliance manual applicable to the directors and employees of the Company;
  - e. Review the Company's compliance with the Corporate Governance Manual, SEC Code of Corporate Governance and PSE Corporate Governance Guidelines.

### **2.3.6 The Related Party Transactions Review Committee**

The Committee shall consist of at least three (3) members of the Board of Directors. The Committee shall be chaired by an independent director.

The Related Party Transactions (RPT) Review Committee assesses material agreements with related parties to ensure that the RPT transactions are conducted at market rates and on an arm's length basis. For this purpose, transactions considered material are subject for review by the RPT Review Committee prior to Board approval and Management execution.

## **2.4. Management**

### **2.4.1. The general responsibilities of Management are the following:**

- a. Management is primarily responsible for the day-to-day affairs of the Corporation. It determines the Corporation's activities by putting the Corporation's targets in concrete terms and by formulation the basic strategies for achieving these targets. It also puts in place the infrastructure for the Corporation's success by establishing the following mechanisms in its organization:
  - i. Purposeful legal and organizational structures that work effectively and efficiently in attaining the goals of the Corporation;
  - ii. Useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach;
  - iii. Information systems that are defined and aligned with the IT strategy and the business goals of the Corporation; and
  - iv. A plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation.
- b. Management is primarily accountable to the Board for the operations of the Corporation. As part of its accountability, it is also obligated to provide the Board with complete, adequate and timely information on the operations and affairs of the Corporation.

### **2.4.2. The President**

The President shall have the following powers and duties:

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- a. Ensure that the administrative and operational policies of the Corporation are carried out under the direction and control of the Chairman on the Board and Chief Executive Officer.
  - b. Have general supervision of the business, affairs and property of the Corporation, and over its employees and officers.
  - c. Recommend to the Chairman of the Board and the Board specific projects for the attainment of corporate objectives and policies.
  - d. Sign and cause the signatures of Certificates of Stocks.
  - e. See that all orders and resolutions of the Board are carried into effect.
  - f. Submit to the Board as soon as possible after the close of the each fiscal year and to the stockholders at the annual meeting, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs.
  - g. Report to the Board from time to time all matters within its knowledge which the interest of the Corporation may require to be brought to their notice.
  - h. Exercise such powers and duties and perform such duties commonly incident to and vested in the President of a Corporation and which the Board or Chairman of the Board may, from time to time assign to him.

#### **2.4.3. The Corporate Secretary and the Assistant Corporate Secretary**

The Corporate Secretary is an officer of the company and his loyalty to the mission, to the mission, vision and specific business objectives of the corporate entity come with his duties.

The Corporate Secretary shall be a Filipino citizen, and considering his varied functions and duties must possess administrative and interpersonal skills, and if not the general counsel, must have some legal skills. He must also have some financial and accounting skills and a working knowledge of the operations of the company.

The duties and responsibilities of the Corporate Secretary and Assistant Corporate Secretary are:

- a. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;
- b. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meeting of the Board and its committees, as well as other official records of the Company;
- c. As to agenda, get a complete schedule thereof at least for the current year and out the Board on notice before every meeting;
- d. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- e. Work fairly and objectively with the Board, Management, stockholders and other stakeholders;

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- f. Attend all Board meeting and maintain a record of the same; and
- g. Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

#### **2.4.4 Accountability and Audit**

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

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

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

- a. The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities in the preparation of the responsibilities that pertain to the external auditor, should be clearly explained;
- b. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and the other stakeholders;
- c. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operation information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
- d. The Corporate should consistently comply with the financial reporting requirements of the Commission;
- e. The External Auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assign to the Corporation, should be changed with the same frequency.

##### **2.4.4.1 External Auditor**

The Board, through the Audit Committee, shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which the financial statements shall have been prepared and presented.

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

The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The external auditor of the company shall not at the same time provide the services of an internal auditor to the same corporation. The Corporation shall ensure that the other non-audit work shall not be in conflict with the functions of the external auditor.

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

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

#### **2.4.4.2 Internal Auditor**

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

The Internal Auditor shall report to the Audit Committee.

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

There shall be an effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders.

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.

The system of internal control shall be designed to manage, rather than eliminate, the risk of failure to achieve business targets and objectives and shall provide reasonable, although not absolute assurance against material misstatement or loss.

### **III. SHAREHOLDER'S RIGHTS AND PROTECTION**

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

In addition to the sending of notices, open communications should be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy.

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

### **3.1. Rights of Investors/Minority Interests**

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

#### **3.1.1. Voting Right**

3.1.1.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Minority shareholders shall have the right to nominate candidates for election to the Board during the Corporation's Annual Stockholders' Meetings, in accordance with the Company's By-Laws.

*3.1.1.1.1 Shareholders shall have the right to participate in decisions concerning fundamental corporate changes, such as:*

- 1. Amendments to the Company's constitution*
- 2. The authorization of additional shares*
- 3. The transfer of all or substantially all assets, which in effect results in the sale of the Company*

3.1.1.2 Election of Directors shall take place during the Annual Stockholders' Meeting of the Company. As mandated by the Corporation Code, cumulative voting may be used in the election of directors.

3.1.1.3 The Board shall be transparent and fair in the conduct of the meetings of the shareholders. The shareholders shall be encouraged to personally attend such meetings, and that if they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the right to designate a proxy shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in favor of the shareholder.

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

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### 3.1.2 Pre-emptive Right

3.1.2.1. Under the Amended Articles of Incorporation of the Company, no stockholder of the Corporation, because of his/its ownership of stock, has a pre-emptive or other right to purchase or subscribe to any additional share of the capital stock of the corporation whether such shares of capital stock are now or hereafter authorized, whether or not such stock is convertible into or exchangeable for any stock of the Corporation or any of any other class, and whether out of the number of shares authorized by the Articles of Incorporation of the Corporation as originally filed, or by any amendment thereof, or out of shares of the capital stock of any class of the Corporation acquired by it after the issue thereof; nor shall any holder of any such stock may issue or sell that shall be convertible into, or exchangeable for, any shares of the capital stock of any class of the Corporation or to which shall be attached or appertain any warrant or warrants of any instrument of instruments that shall confer upon the owner of such obligation, warrant or instrument the right to subscribe for, or to purchase from the Corporation, any shares of the capital stock of any class.

### 3.1.3 Power of Inspection

3.1.3.1. All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours. Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions.

### 3.1.4 Right to Information

3.1.4.1. The Corporation recognizes that the essence of corporate governance is transparency. hence, the more transparent the internal workings of the Corporation, the more difficult it will be for Management and dominant shareholders to mismanage the Corporation or misappropriate assets.

Towards this end, the Board shall ensure that all material information about the Corporation which could adversely affect its viability or the interest of the shareholders shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposition of assets, off balance sheets transactions, related party transactions, remuneration of directors and Management; all of which shall be disclosed through established disclosure procedures of the PSE and SEC.

3.1.4.2. The shareholders shall be provided, upon request, with periodic reports which disclose 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.

3.1.4.3. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

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

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stockholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.

### **3.1.5 Right to Dividends**

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

3.1.5.2. The dividends shall be paid within thirty (30) days from date of declaration of such.

3.1.5.3 The Company shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration the availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of cash, operating results of its businesses / subsidiaries, working capital needs and long term capital expenditures of its businesses / subsidiaries, and regulatory requirements on dividend payments, among others.

### **3.1.6 Appraisal Right**

3.1.6.1 The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

3.1.6.1.1 In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

3.1.6.1.2 In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

3.1.6.1.3 In case of merger or consolidation.

## **IV. INFORMATION AND COMMUNICATION**

### **4.1 Supply of Information**

4.1.1. All directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties.

4.1.2. Management is responsible for providing the Board with appropriate and timely information. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

4.1.3. Directors, either individually or as a group, may seek independent professional advice or consultation in the performance of their duties, granted said advice or consultation is within the guidelines set by the Board.

### **4.2. Communication of this Manual**

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- 4.2.1. This Manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
- 4.2.2. All directors, officers, division and department heads are tasked to ensure that thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- 4.2.3. An adequate number of printed copies of this Manual must be reproduced under the supervision of the Corporate Governance Department, with a minimum of at least one (1) hard copy of the Manual per department.
- 4.2.4. This Manual shall be subject to quarterly review unless the same frequency is amended by the Board.
- 4.2.5. If necessary, funds shall be allocated by the Corporation for the purpose of conducting an orientation program or workshop to operationalize this Manual.

## **V. DISCLOSURE AND TRANSPARENCY**

- 5.1. It is therefore essential that all material information about the Corporation which could adversely affect its viability or the interest of its stockholder and other stakeholders should be publicly and timely disclosed. Such information should include, among others earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of the members of the Board and Management.
- 5.2. The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.
- 5.3. The Corporation shall disclose its corporate governance practices, corporate events calendar, and other material information on its website in a timely manner.

## **VI. BOARD EVALUATION AND TRAINING**

### **6.1. Board Evaluation**

- 6.1.1 The Compliance Officer shall establish an evaluation system to measure the performance of the Board, Board Committees and the President of the Corporation in terms of governance practices. This shall be annually conducted by the Nomination Committee, which shall discuss the results thereof at a Board meeting.
- 6.1.2 The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation's annual report or in such form of report that is applicable to the Corporation.



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6.1.3 The adoption of such performance evaluation system must be covered by a Board approval. Such evaluation system shall provide for a Self-Evaluation Form to be distributed to members of the Board of Directors and Board Committees for the purpose of rating each member, the Committees and the Board as a whole based on specific criteria identified by the Nomination Committee.

6.1.4 During the evaluation, directors shall be afforded the opportunity to identify areas for improvement in the performance of their duties and responsibilities.

## **6.2. Training**

6.2.1 The Corporation shall provide a comprehensive orientation program for new directors, including an understanding of the contributions that the director is expected to make, an explanation of the Board and its committees, and an explanation of the Corporation's business, including corporate governance and other matters that will assist them in discharging their duties.

6.2.2 The Corporation shall also provide general access to training courses to its directors as a matter of continuous professional education as well as to maintain and enhance their skills as directors, and keep them updated in their knowledge and understanding of the Corporation's business.

6.2.3 The Board and key officers of the Corporation shall annually attend a corporate governance related training activity conducted an institution that has been duly recognized and certified by the Commission.

## **VII. MONITORING AND ASSESSMENT**

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

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

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

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

7.5. All business processes and practices being performed within any department or business unit of Premium Leisure Corp. that are not consistent with any portion of this Manual shall be revoked unless upgraded to be compliant with this Manual.

## **VIII. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL**

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- 8.1. To strictly observe and implement the provisions of this 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 provisions of this Manual:
- a. In case of first violation, the subject person shall be warned, reprimanded or suspended depending on the severity of the violation. Any first violation that results in any notable financial loss for the Company shall be at least reprimanded or warned.
  - b. Suspension from the office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. This shall not be applicable to directors.
  - c. For third violation, the maximum penalty of removal from office shall be imposed. With regard to directors, the provision of Section 28 of the Corporation Code shall be observed.
- 8.2. 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.