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(Company's Full Name)

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

MARK ANTHONY M. RAMOS														
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Contact Person

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Month

Day

Amended Manual on Corporate Governance
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FORM TYPE

636-1170							
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Company Telephone Number

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Month

Day

Annual Meeting

N/A

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned



Philippine Realty and Holdings Corporation

**AMENDED MANUAL ON
CORPORATE GOVERNANCE
(2019)**

7 June 2019



Philippine Realty and Holdings Corporation

MANUAL ON CORPORATE GOVERNANCE 2019



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The Board of Directors, corporate officers and staff of PHILIPPINE REALTY AND HOLDINGS CORPORATION (the "Corporation") hereby commit themselves to the principles and best practices contained in this Amended Manual, and acknowledge that the same may guide the attainment of our corporate goals.

SECTION 1. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

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

SECTION 2. BOARD OF DIRECTORS

2.1. General Responsibility

2.1.1. Compliance with the principles of good corporate governance shall start with the Board of Directors. It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

2.2. Specific Duties and Functions

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

- Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders;

- Oversee the development of and approve the Corporation's business objectives and strategy, and monitor their implementation, in order to sustain the Corporation's long-term viability and strength;
- Install a process of selection to ensure a mix of competent directors and officers;
- Review the Corporation's purpose, its vision and mission and strategies to carry out its objectives;
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;
- Adopt a system of internal checks and balances;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

2.2.2. The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

- 2.2.3. The Board should be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads.
- 2.2.4. The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.
- 2.2.5. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.
- 2.2.6. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

2.3. **Board Composition**

- 2.3.1. The Board shall have at least three independent directors, or such number as to constitute at least one-third of the members of the Board with a fraction rounded down to the nearest whole number, whichever is higher.
- 2.3.2. The Board shall designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.

2.3.3. **Board Director**

- 2.3.3.1. The Board shall be composed of directors with a collective working knowledge, experience, or expertise that is relevant to the Corporation's industry/sector.

2.3.3.2. The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure its objectives.

2.3.3.3. A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company.

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

2.3.3.5. Duties and Responsibilities of a Director

- To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;
- To devote time and attention necessary to properly discharge his or her duties and responsibilities;
- To act judiciously;
- To exercise independent judgment;
- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.
- To observe confidentiality; and

- o To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

2.3.4. Classification of Board Directors

2.3.4.1. The Board shall have a policy on board diversity and shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objectives, provide independent judgment on corporate affairs and to substantiate proper checks and balances.

2.3.4.2. Qualifications of a Director

o A director shall have the following qualifications at the time he is duly elected and qualified and throughout his term of office:

- (i) Holder of at least one (1) share of stock of the Corporation;
- (ii) Personal integrity, capacity to read and understand financial statements, absence of conflicts of interest with the Corporation (subject to the discretion of the Board), time availability and motivation.¹

2.3.4.3. An executive and non-executive director shall have the following duties and responsibilities:

- o Responsible for the successful leadership and management of the organization according to the strategic direction set by the Board of Directors;
- o Accountable for the Corporation's organizational and operational controls;

¹ Rockwell Land Manual on Corporate Governance

- o Participate with the Board of Directors in the formation of vision and strategic plan to guide the organization;
- o Identify, assess, and inform the Board of Directors of internal and external issues that affect the Corporation;
- o Act as a professional advisor to the Board of Director on all aspects of the Corporation's activities;
- o In addition to the Chair of the Board, act as a spokesperson for the Corporation;
- o Conduct official correspondence on behalf of the Board as appropriate and jointly with the Board when appropriate; and
- o Develop an operational plan which incorporates goals and objectives that work towards the strategic direction of the Corporation.

2.3.4.4. An executive director shall exclusively exercise the following duties and responsibilities:

- o Ensure that the operation of the Corporation meets the expectations of its clients and the Board;
- o Oversee the efficient and effective day-to-day operation of the Corporation;
- o Draft policies for the approval of the Board and prepare procedures to implement the Corporation policies;
- o Review existing policies on an annual basis and recommend changes to the Board as appropriate;
- o Provide support to the Board by preparing meeting agenda and supporting materials;

- o Oversee the planning, implementation and evaluation of the organization's programs and services;
 - o Work with staff and the Board's Committee to prepare a comprehensive budget;
 - o Work with the Board to secure adequate funding for the operation of the Corporation; and
 - o Approve expenditures within the authority delegated by the Board.
- 2.3.4.5. The non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Corporation.
- 2.3.4.6. The non-executive directors (NEDs) shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings shall be chaired by the lead independent director.
- 2.3.4.7. **Qualifications of an Independent Director**
- o Is not, or has not been, a senior officer or employee of the covered Corporation unless there has been a change in the controlling ownership of the Corporation;
 - o Is not, and has not been, in the three years immediately preceding the election, a director of the covered Corporation; a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;

- o Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- o Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;
- o Is not a relative of a director, officer, or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- o Is not acting as a nominee or representative of any director of the covered company or any of its related companies;
- o Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- o Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

- o Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- o Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and
- o Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

2.3.4.8. An independent director shall have the following duties and responsibilities:

- o Provide inputs to all key decisions, such as strategies, performance evaluation and risk evaluation, affecting the Corporation.
- o Accountable for the minority's representation in the Board.
- o Prepare themselves thoroughly for the meeting;
- o Be objective in forming sound decisions relating to the Corporation and its business;
- o Be open minded, free and frank in expressing their opinions and at the same be willing to engage in meaningful debates;
- o Be committed to decisions made as a Board;
- o Continuously seek information both from within and if required outside professional knowledge to keep abreast

with the latest developments in the areas of the Corporation's operations;

- o Be informed on laws and regulations influencing their functioning as directors;
- o Utilize the expertise they possess to the good advantage of the Corporation;
- o Act in the larger genuine interest of true growth and development of the Corporation.

2.3.4.9. The Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from reelection as such in the same Corporation, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Corporation wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

2.4. Chairman of the Board

2.4.1. The positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals and each shall have clearly defined responsibilities.

2.4.2. The Chairman of the Board has the following duties, roles, and responsibilities:

- o To manage and provide leadership to the Board of Directors
- o He is accountable to the Board and acts as a direct liaison between the Board and the management of the Corporation, through the President. He acts as the communicator for Board decisions where appropriate.

- o To act as a liaison between management and the Board;
- o To provide independent advice and counsel to the CEO;
- o To keep abreast generally of the activities of the Corporation and its management;
- o To ensure that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- o In concert with the CEO and the Corporate Secretary, to develop and set the agendas for meetings of the Board;
- o To act as Chair at meetings of the Board;
- o To review and sign minutes of Board meetings;
- o To sit on other Committees of the Board where appropriate as determined by the Board;
- o To call special meetings of the Board where appropriate;
- o In concert with the CEO and the Corporate Secretary, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
- o To act as Chair at meetings of shareholders;
- o To recommend to the Board, after consultation with the Directors, management and the Nomination Committee, the appointment of members of the Committees of the Board;
- o To assess and make recommendations to the Board annually regarding the effectiveness of the Board as a whole, the Committees of the Board and individual Directors;

- o Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- o Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- o Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- o Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- o Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- o Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

2.5. Chief Executive Officer

2.5.1. The positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals and each shall have clearly defined responsibilities.

2.5.2. Duties and Responsibilities

- o Provides leadership to position the Corporation at the forefront of the industry. Develop a strategic plan to advance the Corporation's mission and objectives and to promote revenue, profitability and growth as an organization. Oversee the Corporation's operations to insure production efficiency, quality, service, and cost-effective management of resources.

- o To be accountable to the Board and acts as general manager of the Corporation.
- o Develop a strategic plan to advance the Corporation's mission and objectives and to promote revenue, profitability, and growth as an organization;
- o Approve the Corporation's operational procedures, policies, and standards;
- o Review activity reports and financial statements to determine progress and status in attaining objectives and revise objectives and plans in accordance with current conditions;
- o Execute all resolutions of the Board of Directors through the President/CEO;
- o Submit to the Board as soon as possible after the close of the fiscal year, and to the shareholders at each annual meeting, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs, and shall from time to time, report to the Board, all matters within his knowledge which the interests of the Corporation may require to be brought to its notice;
- o To do and perform such other duties as from time to time may be assigned to him by the Board of Directors.
- o Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- o Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;
- o Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;

- o Directs, evaluates and guides the work of the key officers of the corporation;
- o Manages the corporation's resources prudently and ensures a proper balance of the same;
- o Provides the Board with timely information and interfaces between the Board and the employees;
- o Builds the corporate culture and motivates the employees of the corporation; and
- o Serves as the link between internal operations and external stakeholders.

2.6. Board Committees

2.6.1. Audit Committee

- 2.6.1.1. All of the members of the committee must have relevant background. The committee shall be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, shall be independent and have the knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee shall not be the chairman of the Board or of any other committees.
- 2.6.1.2. The Corporation shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.
- 2.6.1.3. The appointment, reappointment and removal of the external auditor by the Board's approval, through the Audit Committee's recommendation, and shareholders' ratification at shareholders' meetings are actions regarded as good practices. Shareholders' ratification clarifies or emphasizes that the external auditor is

accountable to the shareholders or to the Corporation as a whole, rather than to the management whom he may interact with in the conduct of his audit.

2.6.1.4. Each member shall have adequate understanding at least or competence at most of the Corporation's financial management systems and environment.

2.6.1.5. **Duties and Responsibilities**

- o Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.
- o Perform direct interface functions with the internal and external auditors.
- o Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- o Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) safeguard the Corporation's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations;
- o Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head. The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;

- o Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;
- o Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- o Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- o Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;
- o Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - i. Any change/s in accounting policies and practices
 - ii. Areas where a significant amount of judgment has been exercised
 - iii. Significant adjustments resulting from the audit
 - iv. Going concern assumptions
 - v. Compliance with accounting standards
 - vi. Compliance with tax, legal and regulatory requirements
- o Reviews the disposition of the recommendations in the External Auditor's management letter;

- o Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- o Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- o Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on how the financial statements shall be prepared and presented to the stockholders;

2.6.2. Corporate Governance Committee and Nominations Committee

2.6.2.1. The Corporate Governance Committee shall be composed of the Chairman, at least three voting (3) members, and all members shall be independent directors, excluding the chairman.

2.6.2.2. The Chief Executive Officer 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.

2.6.2.3. Duties and Responsibilities

- o **Nomination and Remuneration**

- (i) It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in

accordance with the following qualifications and disqualifications:

Qualifications

1. Holder of at least one (1) share of stock of the Corporation ;
2. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
3. He shall be at least twenty-one (21) years old;
4. He shall have proven to possess integrity and probity; and
5. He shall be assiduous.

Disqualifications

1. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
2. Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;
3. Any person judicially declared to be insolvent;
4. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts,

violations or misconduct listed in the foregoing paragraphs; and

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

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

1. 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;
2. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, or other unforeseen or fortuitous events prevent them from doing so. This disqualification applies for purposes of the succeeding election;
3. 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;
4. Being under preventive suspension by the Corporation;
5. If the independent director becomes an officer or employee of the same Corporation he shall be

automatically disqualified from being an independent director;

6. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

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

(iii) The Committee shall consider the following guidelines in the determination of the number of directorships for the Board:

1. The nature of the business of the Corporations;

2. Age of the director; and

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

o Corporate Governance

(i) Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;

(ii) Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

- (iii) Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- (iv) Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- (v) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- (vi) Proposes and plans relevant trainings for the members of the Board;
- (vii) Determines the nomination and election process for the Corporation's directors and has the special duty of defining the general profile of board members that the Corporation may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
- (viii) Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.²
- (ix) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, including a periodic review of policies and procedures:
 - 1. Establish a formal and transparent procedure for developing a policy on executive remuneration and for

² Recommendation 13

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.

2. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully.
3. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
4. Disallow any director to decide his or her own remuneration.
5. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
6. Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

- (x) Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

2.6.3. Related Party Transactions Committee

2.6.3.1 Related Party Transactions (“RPTs”) is a newly created section in this Manual. RPTs shall refer to transactions or dealings with related parties regardless of whether or not a price is charged. These shall include, but not limited to the following:

1. On- and off-balance sheet credit exposures and claims and write-offs;
2. Investments and/or subscriptions for debt/equity issuances;
3. Consulting, professional, agency and other service arrangements/contracts;
4. Purchases and sales of assets, including transfer of technology and intangible items (e.g., research and development, trademarks and license agreements);
5. Construction arrangements/contracts;
6. Lease arrangements/contracts;
7. Trading and derivative transactions;
8. Borrowings, commitments, fund transfers and guarantees;
9. Sale, purchase or supply of any goods, materials or services; and
10. Establishment of joint venture entities.

RPTs shall be interpreted to include only transactions that are entered into with related parties but not concluded transactions that were entered into with an unrelated party that subsequently becomes a related party.

2.6.3.2 Related parties to the Corporation are defined as its directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the Corporation.

It also covers the Corporation’s parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or any entity that is

controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

2.6.3.3 Only material RPTs shall be presented to, and reviewed by, the RPT Committee, for subsequent endorsement to the Board for final approval.

2.6.3.4 Material RPT is defined herein as any transaction by the Corporation with a related party either individually or in aggregate over a 12-month period with the same related party amounting to **ten percent (10%) or higher** of the Corporation's consolidated total assets based on the Corporation's latest audited financial statements.

2.6.3.5 The RPT Committee shall also have the following responsibilities:

- (i) Evaluates on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors;
- (ii) Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating material RPTs, the Committee takes into account, among others, the following:

1. The related party's relationship to the Corporation and interest in the transaction;
 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 3. The benefits to the Corporation of the proposed RPT;
 4. The availability of other sources of comparable products or services; and
 5. An assessment of whether the proposed material RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- (iii) Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's material RPT transactions/exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties;
- (iv) Reports to the Board of Directors on a regular basis, the status and material aggregate exposures to each related party, as well as the total amount of material exposures to all related parties;
- (v) Ensures that material transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;

- (vi) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting material RPTs, including a periodic review of RPT policies and procedures.

2.6.4. Board Risk Oversight Committee

2.6.4.1. The Risk Committee has specifically been created to support the Board in the performance of its oversight functions of the Corporation's risk management activities through continuous input, evaluation and feedback on the effectiveness of the Corporation's risk management process. This is a big step in ensuring that adequate focus and emphasis is given to the Corporation's risk management activities through periodic meetings and reports to the Risk Committee. ⁴

2.6.4.2. The Board Risk Oversight Committee shall be composed of at least three members, the majority of whom shall be independent directors, including the Chairman of this committee. The Chairman shall not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

2.6.4.3. Duties and Responsibilities

- o Develops a formal enterprise risk management plan which contains the following elements: (1) common language or register of risks, (2) well-defined risk management goals, objectives and oversight, (3) uniform processes of assessing risks and developing strategies to manage prioritized risks, (4) designing and implementing risk management strategies, and (5) continuing assessments to improve risk strategies, processes and measures;
- o Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight

⁴ Ayala Land Manual on Corporate Governance

Committee. The BROC conducts regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;

- o Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- o Advises the Board on its risk appetite levels and risk tolerance limits;
- o Reviews at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;
- o Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
- o Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- o Reports to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the

actions taken to reduce the risks, and recommends further action or plans, as necessary.⁵

2.7. Board Officers

2.7.1. Compliance Officer

2.7.1.1. To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Senior Vice President or an equivalent position with adequate stature and authority in the corporation. He shall have direct reporting responsibilities to the Chairman of the Board.

The Compliance Officer may not concurrently hold the position of Corporate Secretary or may not be a member of the Board of Directors during his tenure.⁶

2.7.1.2. He shall perform the following duties:

- o Appear before the Securities and Exchange Commission upon summon on similar matters that need to be clarified by the same;
- o Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;
- o Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same; and
- o Ensures proper onboarding of new directors (i.e., orientation on the Corporation's business, charter, articles of incorporation and by-laws, among others);

⁵ Recommendation 14

⁶ Recommendation 4

- o Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- o Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- o Ensures the integrity and accuracy of all documentary submissions to regulators;
- o Identifies possible areas of compliance issues and works towards the resolution of the same;
- o Ensures the attendance of board members and key officers to relevant trainings.

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

2.7.2. Corporate Secretary

2.7.2.1. The Corporate Secretary is an officer of the Corporation. High level of competence and dedication is expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.

2.7.2.2. The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines.

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

2.7.2.4. The Corporate Secretary may not concurrently hold the position of Compliance Officer and shall not be a board member during his tenure.

2.7.2.5. Duties and Responsibilities

- o Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
- o As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
- o Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.
- o Attend all Board meetings and maintain record of the same.
- o Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.
- o Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- o Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- o Advises on the establishment of board committees and their terms of reference;
- o Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in

advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;⁷

2.7.3. External Auditor

- 2.7.3.1. 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.
- 2.7.3.2. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Corporation'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.
- 2.7.3.3. The external auditor of the Corporation shall not at the same time provide the services of an internal auditor to the same client, in case the Corporation is ready to hire an internal auditor. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
- 2.7.3.4. The Corporation's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.
- 2.7.3.5. If an external auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.
- 2.7.3.6. The Corporation shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.

⁷ Recommendation 3

SECTION 3 TIMELY INFORMATION, COMMUNICATION PROCESS

- 3.1. To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.
- 3.2. Members of the Board shall be given independent access to Management and the Corporate Secretary.
- 3.3. The information that the Board may seek may include the background or explanation on matters brought to before the Board, disclosures, budgets, forecasts and internal financial documents.
- 3.4. The members of the Board, in furtherance of their duties and responsibilities, shall have access to independent professional advice at the corporation's expense provided that such expenses are reasonable.⁸
- 3.5. If an external auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.
- 3.6. This manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
- 3.7. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- 3.8. An adequate number of printed copies of this Manual must be reproduced under the supervision of the Compliance Officer, with a minimum of at least one (1) hard copy of the Manual per department.
- 3.9. The Corporation shall include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

⁸ Rockwell Land Manual on Corporate Governance

SECTION 4 TRAINING OF DIRECTORS

- 4.1. A director shall be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.
- 4.2. The orientation program for first-time directors, shall be at least eight hours. The orientation program shall cover SEC-mandated topics on corporate governance and an introduction to the Corporation's business, Articles of Incorporation, and Code of Conduct. The annual continuing program shall involve courses on corporate governance matters relevant to the Corporation, including audit, internal controls, risk management, sustainability and strategy.⁹
- 4.3. The annual continuing training for existing directors, including the Corporate Secretary and Compliance Officer, shall be at least four hours.

SECTION 5 SHAREHOLDERS' BENEFIT

- 5.1. 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 Corporation and all its investors.
- 5.2. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.
- 5.3. The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.
- 5.4. The Minutes of the Annual and Special Shareholders' Meeting shall be available on the Corporation website within five business days from the end of the meeting.
- 5.5. The Board shall be committed to respect the following rights of the stockholders:

5.5.1. Voting Right

⁹ Recommendation 2

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

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

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

5.5.2. Pre-emptive Right

5.5.2.1. The stockholders under the Amended Articles of Incorporation of the Corporation are not granted pre-emptive right.

5.5.3. Power of Inspection

5.5.3.1. 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 shall be furnished with annual reports, including financial statements, at their expense and subject to the availability of the above reports.

5.5.4. Right to Information

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

5.5.4.2. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

5.5.4.3. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included,

then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

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

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

5.5.6. Appraisal Right

5.5.6.1. 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:

- o In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- o In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- o In case of merger or consolidation.

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

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

SECTION 6 MONITORING AND ASSESSMENT

- 6.1. Each Committee shall report regularly to the Board of Directors.
- 6.2. 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 employee to the penalty provided under Part 8 of this Manual.
- 6.3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation'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.
- 6.4. This Manual shall be subject to annual review unless the same frequency is amended by the Board.
- 6.5. All business processes and practices being performed within any department or business unit of Philippine Realty & Holdings Corporation that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.
- 6.6. The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment shall be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.¹⁰

¹⁰ Recommendation 22

- 6.7. The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system shall allow for a feedback mechanism from the shareholders.
- 6.8. The Board shall adopt a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the Corporation website.

SECTION 7 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- 7.1. To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:
 - 7.1.1. In case of **first violation**, the subject person shall be reprimanded.
 - 7.1.2. Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation.
 - 7.1.3. **For third violation**, the maximum penalty of removal from office shall be imposed.
- 7.2. The commission of a third violation of this manual by any member of the board of the Corporation or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.
- 7.3. The Compliance Officer shall be responsible for determining violation/ s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

SECTION 8 COMPANY DISCLOSURE POLICIES

- 8.1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer;
- 8.2. All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets if the amount of such acquisition or disposal shall involve a significant effect on the financial structure of the Corporation. Board changes, related party transactions, shareholdings of directors and changes to ownership must be disclosed if the ownership control of the business is affected.
- 8.3. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management. Only major changes in the corporate strategy, and off balance sheet transactions which has a significant effect on the business shall be disclosed.
- 8.4. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
- 8.5. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders. The Board of the offeree company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.
- 8.6. The Corporation shall have a policy requiring all directors and officers to disclose/report to the Corporation any dealings in the Corporation's shares within three business days.
- 8.7. The Corporation shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. Companies shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.
- 8.8. The Corporation shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee shall be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

SECTION 9 COMPANY POLICIES

9.1. Whistle Blowing

9.1.1. This Policy is intended to assist employees in disclosing information relevant to suspected misconduct, malpractice or irregularity through a confidential reporting channel. It is not designed to further any personal disagreements, question financial or business decisions taken by the Corporation nor shall it be used to reconsider any staff matters which have been addressed under the grievance procedure already in place. Whistle-blowing matters may include but are not restricted to:

- o Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters (e.g. financial fraud - accounting manipulation, noncompliance with internal controls procedures, misappropriation of assets or fraudulent statements).
- o Violation of the rules and regulations of the Corporation or the Code of Business Conduct and Ethics.
- o Improper conduct or unethical behavior likely to prejudice the standing of the Corporation.
- o Breach of legal or regulatory requirements.
- o Endangerment of the health and safety of an individual and/or damaged caused to the environment.
- o Unlawful activity and/or criminal offenses.
- o Deliberate concealment of any of the above.

9.1.2. The Corporation will treat all disclosures and/or communication anonymous and confidential. The identity of the employee making genuine and appropriate allegation under this Policy are assured of fair treatment. In addition, employees are also assured of protection against unfair dismissal, victimization or unwarranted disciplinary action, even if the concerns raised turned out to be unsubstantiated.

9.1.3. The Corporation reserves the right to take appropriate actions against any employee who initiates or threatens to initiate retaliation against those who have raised concerns under this Policy. The management will support

all employees and encourage them to raise concerns without fear of reprisals.

9.1.4. Procedure on Disclosure:

- 9.1.4.1. Employee who has a legitimate malpractice concern (e.g. misconduct, grave abuse of authority, misuse of assets and etc.) can raise the matter directly to the members of the Audit Committee. The Audit Committee will review the complaint and decide how the investigation shall proceed. The Audit Committee may nominate or designate an appropriate investigating officer or set up a special committee to investigate the matter independently.
- 9.1.4.2. Disclosures can be made in writing and shall be sent to the Chairman of Audit Committee. Employees are required to put their name to any disclosures they make. Anonymous complaints are usually not considered.
- 9.1.4.3. The Corporation does not expect the employee to have absolute proof or evidence of the misconducts, malpractices or irregularities reported. The report must show reasons for the concerns and full disclosures of any relevant details and supporting documentation.
- 9.1.4.4. The Corporation will hold a disciplinary offense for any employee who seeks to prevent a communication of malpractice concerned reaching to the designated person, or to impede any investigation which he/she or anyone on his/her behalf may make.
- 9.1.4.5. The format and length of an investigation will vary depending upon the nature and particular circumstances of each complaint made. The disclosures made by a concerned employee may (1) be investigated internally, (2) be referred to an Independent Auditor, and/or (3) form the subject of an independent inquiry.
- 9.1.4.6. The Chairman of the Audit Committee or the person designated to investigate the complaint will write to the complainant whenever reasonably practicable of the concern being received:
 - o acknowledging that the concern has been received;

- o advising whether or not the matter is to be investigated further and if so what nature of the investigation will be; and
 - o giving an estimate of how long the investigation will take to provide final response telling the complainant whether any initial inquiries have been made, and whether further investigation will take place, and if not, why not.
- 9.1.5. If an employee makes a false report maliciously, with a hidden motive, or for personal gain, the Corporation reserves the right to take appropriate actions against the employee to recover any loss or damage as a result of the false report. In particular, the employee may face disciplinary action, including dismissal, where appropriate.
- 9.1.6. The Corporation takes reporting of misconducts, malpractices and irregularities seriously and wants to conduct warranted investigations of both potential and actual violations thus, it is preferred that these reports are not made anonymously. However, it is recognized that for any number of reasons, employees may not feel comfortable reporting potential violations directly to the Chairman of the Audit Committee. In these cases, anonymous reports may be submitted to the HR Department.
- 9.1.7. Records shall be kept for all reported misconducts, malpractices and irregularities by the relevant parties in the Corporation. In the event a reported irregularity leads to an investigation, the party responsible for leading and/or conducting the investigation shall ensure that all relevant information relating to the case is retained, including details of corrective action taken. The period of retention is ten (10) years or any period that may be specified by a regulating body (i.e. SEC, PSE, BIR or etc.), whichever is longer.

9.2. Related Party Transactions

- 9.2.1. This Policy applies the definitions set forth in Philippine Accounting Standards (PAS 24) on Related Parties. The Standard emphasizes the substance of the relationship and not merely the legal form. Related parties shall include:
- 9.2.1.1. A person or a close member of that person's family is related to a reporting entity if that person:
- o Has control or joint control over the reporting entity;

- o Has significant influence over the reporting entity;
- o Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; or
- o Is a relative up to the 4th degree of consanguinity.

9.2.1.2. An entity is related to a reporting entity if any of the following conditions applies:

- o The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- o One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- o Both entities are joint ventures of the same third party.
- o One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- o The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- o The entity is controlled or jointly controlled by a person identified in the first bullet.
- o A person identified in the 9.2.1.1, first bullet has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

9.2.1.3. Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- o That person's children and spouse or domestic partner;
- o Children of that person's spouse or domestic partner;
- o Dependents of that person or that person's spouse or domestic partner; and;
- o A relative up to the 4th degree of consanguinity.

9.2.1.4. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

9.2.1.5. Joint control is the contractually agreed sharing of control over an economic activity.

9.2.1.6. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

9.2.1.7. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

9.2.2. Identification, Review, and Approval of RPTs:

9.2.2.1. The management of PRHC promptly reports to the Board of Directors (BOD) on the terms, business purpose, benefits and other details of each new, existing or proposed related party transaction for review and approval.

9.2.2.2. The BOD shall approve any related party transaction before its commencement. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the BOD.

- 9.2.2.3. The Audit Committee shall assist the BOD in its review of related party transaction. The BOD shall consider that the terms of the related party transaction are on arm's length and fair to the PRHC and such factors as follows:
- o Materiality
 - o The purpose and timing of the transactions
 - o Extent of the related party's interest in the transaction; and
 - o Conflict of interest, actual or apparent, of the related party participating in the transaction.
 - o Any other relevant information
- 9.2.2.4. The Audit Committee may establish guidelines to manage and monitor conflicts of interest of Management, Board of Directors and Shareholders, including misuse of corporate assets and abuse in related party transactions.
- 9.2.2.5. A Director, Officer or Key management personnel shall promptly notify the Audit Committee or the Compliance Officer of any interest he or his immediate family member had, has or may have in a related party transaction. He shall disclose all material information concerning the related party transaction.
- 9.2.3. PRHC and its subsidiaries (whether owned directly or indirectly), shall set thresholds and categories for Disclosure and Approval of related party transactions. The amount of each related party transaction shall be considered for purposes of applying these thresholds.
- 9.2.4. Related Party transactions that are required to be disclosed and reported in PRHC's filings with the Securities and Exchange Commission (SEC) shall be disclosed in accordance with laws, rules, regulations, Philippine Financial Reporting and Accounting Standards. PRHC and its subsidiaries (whether owned directly or indirectly) shall comply with PAS 24's required disclosures of relationships between the Corporation and its Subsidiaries irrespective of whether there have been transactions between them, transactions and outstanding balances, including commitments, in the consolidated and separate individual financial statements. It shall disclose the name of its parent, the ultimate controlling party and/or the most

9.3.3. The areas which conflict of interest arises include, but not limited to the following:

- o Abuse of authority for personal advantage.
- o Personal or business involvement with PRHC and its competitors, customers, or suppliers.
- o Vested interest with PRHC's suppliers/competitors/customers.
- o Business transactions for PRHC with relatives or personal friends.
- o Disclosure of business activities outside PRHC and business associates.
- o Unauthorized disbursement of funds.
- o Use of PRHC resources, information, and data for personal gain.
- o Giving out confidential information for personal gain.
- o Acceptance of gifts or bribes.

9.3.4. Any possible conflicts of interest must be disclosed by the employee involved to his or her department heads/managers who will, in turn, review and resolve the conflict situation based on guidelines and in consultation with the Management Committee.

9.4. **Insider Trading**

9.4.1. It is the policy of the Corporation that directors, officers, employees or any person within the Corporation who are considered to have knowledge of any material information (not known to the public / not yet publicly disclosed), including information likely to affect the market price of the Corporation's securities (RLT shares), cannot buy and/or sell the Company shares (trade). Consequently, they shall abstain from disseminating such material information unless given clearance by an authorized officer of the Corporation. For the purpose of this Policy, an "Insider" means covered persons who are considered to have knowledge of any material information (not known to the public / not yet publicly disclosed).

9.4.2. An insider covers the following persons in the Corporation and its subsidiaries:

- o All members of the Board of Directors;
- o All Key Officers as specified in the Corporation's By-Laws and/or other similar corporate documents, who are or may be in possession of material non-public information about the Corporation;
- o All Department heads and members of Management Team;
- o Consultants and Advisers of the Corporation;
- o All other employees of the Corporation and its Subsidiaries who have regular access to material non-public information;
- o All Secretaries and Executive Assistants of the persons mentioned in items i to iv; and
- o Members of the immediate families of Directors, Key Officers and all other Covered Persons who are living in the same household with them.

9.4.3. Restrictions on Trading

9.4.3.1. Structured Disclosures:

- o Structured reports/disclosures shall refer to periodic reports required by the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) to ensure public availability of continuing adequate information on the Corporation.
- o All covered persons are strictly prohibited from trading, on the following:
 - o Ten (10) days before the date of structured report/disclosure; and
 - o Three (3) days after the date of structured report/disclosure.

9.4.3.2. Unstructured Disclosures:

- o Unstructured reports/disclosures shall refer to any material fact or event that occurs, not covered by the structured reports, which would reasonably be expected to affect investors' decisions in relation to the trading of its securities.
- o All covered persons are strictly prohibited from trading, on the following:
 - (i) Three (3) days before the date of unstructured report/disclosure; and
 - (ii) Three (3) days after the date of unstructured report/disclosure.

9.4.4. Violation of this Policy shall be subject to disciplinary action under the Corporation's Code of Conduct and applicable HR/Legal implementing guidelines, without prejudice to any civil or criminal proceedings which the Corporation or regulators may file for violation of existing laws. Section 61 of the SRC provides that, "any insider, who violates Section 27.1 (Insider's Duty to Disclose When Trading) and any person in the case of a tender offer who violates Subsection 27.4 (a)(i), or any rule or regulation thereunder, by purchasing or selling a security while in possession of material information not generally available to the public, shall be liable in a suit brought by any investor who, contemporaneously with the purchase or sale of securities that is the subject of the violation, purchased or sold securities of the same class unless such insider, or such person in the case of a tender offer, proves that such investor knew the information or would have purchased or sold at the same price regardless of disclosure of the information to him.

9.4.5. The Corporation shall have recourse against the Insider for the monetary penalties assessed by regulators (e.g. SEC, PSE & other legal authorities) for violation of insider trading rules.

9.5. Health and Safety Programs

9.5.1. The following are the Corporation's health and safety programs:

9.5.1.1. Coverage under a health care maintenance program/insurance.

9.5.1.2. Coverage under a group term life and accident insurance.

9.5.1.3. Provide annual physical examinations, free medical consultations (e.g. eye problems, dental and others).

9.5.1.4. Provide clinic with standby nurse (daily basis - during working days) and in-house doctor on scheduled time.

9.5.1.5. The Corporation seeks the highest standard of safe working environment for its employees (Employees participated in year to year disaster preparedness programs).

9.5.2. The following are the Corporation's general welfare, training, and development policies:

9.5.2.1. Annual team building and/or socialization events to promote camaraderie and positive interaction among employees.

9.5.2.2. Provide in-house and outsourced trainings and seminars.

9.5.2.3. Provide performance-based profit-sharing mechanisms that directly align rewards and incentives to employees with the financial results of the Corporation.

Pursuant to the requirements of the Securities and Exchange Commission, this Corporate Governance Manual is signed on behalf of the Registrant by the undersigned thereunto duly authorized, in the City of 11 1 JUN 2019 on 7 June 2019.

Signatures:


ANTONIO O. OLBES
 Vice Chairman


ALFREDO S. DEL ROSARIO, JR.
 President and Chief Executive Officer


EDMUNDO C. MEDRANO

Senior Vice President and Chief Financial Officer, Treasurer, Compliance Officer and Chief Subsidiary Management Officer


REPUBLIC OF THE PHILIPPINES
PASIG CITY JSS

SUBSCRIBED AND SWORN to before me, this 11 1 JUN 2019 day of 2019 at Pasig City, affiants exhibiting to me their Tax Identification Nos. No. issued by the Bureau of Internal Revenue as follows:

	Government ID No.	Date/Place of Issue
Antonio O. Olbes	TIN: 101-887-103	
Alfredo S. Del Rosario, Jr.	TIN: 108-160-190	
Edmundo C. Medrano	TIN: 134-515-229	

for purposes of identification, and who avowed under penalty of law to the truth of all the contents thereof.

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 Page No. 33;
 Book No. I;
 SERIES OF 2019


NOTARY PUBLIC
IVILL R. KACASA
 Notary Public for and in Pasig City
 Until December 31, 2020
 Appointment No. 8 (2019-2020)
 Roll of Attorney's No. 35203
 PTR No. 5174349 Jan. 4, 2019 Pasig City
 IBP No. 057067 Dec. 21, 2018 Rizal
 MCLC-Comp-VI-001106 Nov. 7, 2016
 E-1503 Phil. Stock Exchange Centre
 Exchange Road, Ortigas Center, Pasig City, Phils.

SECRETARY'S CERTIFICATE

I, **REX P. BONIFACIO**, of legal age, married, Filipino and with office address at Pastelero Law Office, Unit E-1503, 15th Floor, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, after being sworn in accordance with law, depose and state:

1. That I am the Corporate Secretary of **PHILIPPINE REALTY AND HOLDINGS CORPORATION** (interchangeably referred to as "**Corporation**" or "**RLT**" for brevity), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office and place of business at One Balete, 1 Balete Drive corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City 1111;
2. That as Corporate Secretary, I have custody and access to the Minutes of the Meetings of the Board of Directors and the Stockholders of the Corporation;
3. That at the regular meeting of the Board of Directors of the Corporation held at its principal office and place of business on 7 June 2019, wherein a quorum was present and acting throughout, the following resolution was passed and approved:

"RESOLVED, That the Manual of Corporate Governance of the Corporation approved by the Board of Directors on 16 May 2017 be amended or revised as presented by Management to the Corporate Governance and Nominations Committee and to the Board of Directors, be approved for adoption effective 7 June 2019;

"RESOLVED, That any two (2) the following directors or officers of the Corporation are hereby authorized to sign the Amended Manual on Corporate Governance (2019) for and on behalf of the Corporation:

Name	Position / Designation
Antonio O. Olbes	Vice Chairman and Chairman of the Meeting
Alfredo S. Del Rosario Jr.	President and Chief Executive Officer
Edmundo C. Medrano	Senior Vice President and Chief Financial Officer, Treasurer, Compliance Officer and Chief Subsidiary Management Officer

"RESOLVED, FINALLY, That the foregoing resolution shall continue to have full force and effect until the same is repealed,

amended and/or suspended by a subsequent resolution/s to the contrary."

- 4. That the above resolution is in accordance with and does not contravene any provision of the Articles of Incorporation or By-Laws of the Corporation.


IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of June 2019 in the City of PASIG CITY, Philippines.


REX P. BONIFACIO
 Corporate Secretary

SUBSCRIBED AND SWORN to before me, this 7 1 JUN 2019 day of 2019 at PASIG CITY, affiant exhibiting to me his TIN No. 236-070-936 issued by the Bureau of Internal Revenue and SSS No. 33-7143643-6 issued by the Social Security System, for purposes of identification, and who avowed under penalty of law to the truth of all the contents thereof.

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 Page No. 33 ;
 Book No. 1 ;
 Series of 2019

NOTARY PUBLIC


FIDEL R. RACASA
 Notary Public for and in Pasig City
 Until December 31, 2020
 Appointment No. 8 (2019-2020)
 Roll of Attorney's No. 35603
 PTR No. 5174349 Jan. 4, 2019 Pasig City
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