

COVER SHEET

[illegible]

SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

ATTY. JOSHUA L. CASTRO

(Contact Person)

819-0251

(Company Telephone Number)

Revised Manual on Corporate Governance

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3rd Wednesday of April

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(Annual Meeting)

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(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

□

Foreign

To be accomplished by SEC Personnel concerned

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A. SORIANO CORPORATION

May 31, 2017

PHILIPPINE STOCK EXCHANGE

3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**
OIC - Head Disclosure Department

Gentlemen:

We submit herewith copy of A. Soriano Corporation's Manual on Corporate Governance filed with the Securities and Exchange Commission (SEC), in compliance with SEC Memorandum Circular No. 19, dated November 22, 2016 promulgating the Code of Corporate Governance for Publicly-Listed Companies.

We trust that the foregoing is in order. Thank you.

Very truly yours,

ATTY. JOSHUA L. CASTRO
VP & Assistant Corporate Secretary



A. SORIANO CORPORATION

May 31, 2017

SECURITIES AND EXCHANGE COMMISSION
Corporate Governance and Finance Department
SEC Building, EDSA
Greenhills, Mandaluyong City

Attention: **Atty. Justina F. Callangan**
Director

Gentlemen:

In compliance with SEC Memorandum Circular No. 19, dated November 22, 2016 promulgating the Code of Corporate Governance for Publicly-Listed Companies, we submit herewith a copy of A. Soriano Corporation's Manual on Corporate Governance.

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ATTY. JOSHUA L. CASTRO
VP & Assistant Corporate Secretary

A. SORIANO CORPORATION
MANUAL ON CORPORATE GOVERNANCE

I. OBJECTIVE

1.1 This Manual on Corporate Governance (the "Manual") shall serve as a guide for A. SORIANO CORPORATION (the "Corporation"), including its Board of Directors, officers and employees. This Manual contains basic policies, procedures and practices towards the following:

- a. Sound, prudent, and effective management,
- b. Efficient and effective management information system,
- c. Effective risk management,
- d. Reliability and integrity of financial and operational information,
- e. Cost effective and profitable business operations,
- f. Compliance with laws, rules, regulations and contracts, and
- g. Enhancing the value of the Corporation.

1.2 Definition of Terms:

- a. Corporate Governance – the system of stewardship and control to guide the organization in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.

Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

- 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 the properties.
- c. Management – a group of executives 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.
- d. Independent director – a person who is independent of management and the controlling shareholder, and is 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.

- e. Executive director – a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
- f. Non-executive director – a director who has no executive responsibility and does not perform any work related to the operations of the Corporation.
- g. Conglomerate – a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.
- h. Internal control – a process designed and effected by the board of directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.
- i. Enterprise Risk Management – a process, effected by an entity's Board of Directors, management, and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.
- j. Related Party – shall cover the Corporation's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Corporation exert direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interests ("DOSRI"), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Corporation.
- k. Related Party Transactions – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

- I. Stakeholders – any individual, organization or society at large who can either affect and /or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

The Corporation understands that it is impossible to treat all stakeholders equally because they have different and, at times, contradictory interests with respect to the Corporation. In the event that the Corporation is faced with situation where the interests of various stakeholders contradict each other, then the Board of Directors, or the Chairman/CEO, or Senior Management, shall determine who among the stakeholders will have priority and the attention of the Corporation following the provisions of the Corporation Code and other binding laws.

II. BOARD GOVERNANCE

The Board of Directors (the "Board") shall be primarily responsible for the governance of the Corporation 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 long-term best interests of its shareholders and stakeholders.

2.1 Composition of the Board

2.1.1 The Board shall be composed of seven (7) directors, whose collective working knowledge, experience or expertise shall be relevant to the Corporation's industry sector or in other disciplines or industries which can provide other insights or diversity in the Board, to be elected by the Stockholders in accordance with the Corporation Code and the by-laws.

The Board shall ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on evolving business environment and strategic direction.

2.1.2 At least two (2) of the directors or at least twenty (20) percent of its board size, whichever is the lesser, shall be independent directors as defined under the Securities Regulation Code and its implementing regulations.

The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election but may continue to qualify for nomination and election as a non-independent director. Should the Corporation want to retain an independent director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek shareholders' approval at the annual shareholders' meeting.

2.1.3 The stockholders may elect a mix of executive and non-executive directors, to allow a healthy balance of ideas, opinion, wisdom and experience on the management and business of the Corporation and in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

2.1.4. The Board may consider adopting a policy on board diversity to avoid groupthink and ensure that optimal decision making is achieved.

2.2 Qualifications of Directors

2.2.1 A director must have at least twenty thousand (20,000) shares of stock of the Corporation in his name in the books of the Corporation. A director who ceases to be the owner of at least twenty thousand (20,000) shares of the capital stock of the Corporation shall cease to be a director. A director shall be qualified to hold office only upon pledging 20,000 shares registered in his name to the Corporation to answer for his conduct.

2.2.2 The Board may provide for additional qualifications which may include, among others, the following:

- a. College education or equivalent academic degree;
- b. Practical understanding of the business of the Corporation;

- c. Membership in good standing in relevant industry, business or professional organization; and
- d. Previous business experience.

2.2.3 Majority of the directors shall be citizens of the Philippines. Majority of the directors shall also be residents of the Philippines.

2.2.4 A director shall, before assuming office, attend a seminar on Corporate Governance conducted by a duly recognized private or government institution. Thereafter, all directors and key officers of the Corporation shall attend, at least once a year, a relevant program on corporate governance conducted by training providers duly accredited by the Securities and Exchange Commission ("SEC").

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

- a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) 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 (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas ("BSP"), or under

any rule or regulation issued by the Commission of BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c. Any person convicted by final judgment or order of 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;
- d. 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;
- e. Any person earlier elected as an independent director who becomes an officer, employee or consultant of the same corporation. Provided, however, that the said director may continue to serve as a Director if the Corporation still complies with the requirement on the number of independent director(s) as provided in clause 2.1.2 of this Manual;
- f. Any person judicially declared as insolvent;
- g. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;
- h. 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 date of his election or appointment; and

2.2.6 The Board may provide for the temporary disqualification of a director for any of the following reasons:

- a. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;

- b. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless that absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- c. Dismissal or termination for cause as director of any corporation covered by this Code. 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;
- d. 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; and
- e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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.

2.3 Responsibilities, Duties and Functions of the Board

2.3.1 The Board members should 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.

The Board should formulate the Corporation's vision and mission and 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.

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Corporation's articles of incorporation and by-laws should be clearly made known to all directors as well as to shareholders and other stakeholders.

2.3.2 To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- a. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers;
- b. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures and programs that can sustain its long-term viability and strength;
- c. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices;
- d. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation
- e. Adopt a system of check and balance within the Board.
- f. Constitute an Audit Committee and such other committee it deems necessary to assist the Board in the performance of its duties and responsibilities.
- g. Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders and the Corporation and third parties, including the regulatory authorities;
- h. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration;
- i. Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations;
- j. Adopt a group-wide policy and system governing related party transactions ("RPTs") and oversee that a sound enterprise risk management ("ERM") framework is in place to effectively identify, monitor, assess and manage key business risks.

2. 4 Nomination and Election Process

2.4.1 Nominations for directors including independent directors may be made by any shareholder entitled to vote for the election of directors. Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on March 1 of every year or at such earlier or later date as the Board of Directors may fix.

2.4.2 Each nomination under the preceding paragraph shall set forth:

- a. The name, age, business address, if known, address of each nominee;
- b. The principal occupation or employment of each such nominee;
- c. The number of shares of stock of the Corporation which are beneficially owned by each such nominee; and
- d. Interests and positions held by each nominee in other corporations.

In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

2.4.3 All nominations received including nominations from minority shareholders shall be reviewed and evaluated by the Nominations Committee.

2.4.4 The Board by a majority vote may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as director and if the Board should so determine the defective nomination and the nomination of a disqualified person shall be disregarded.

2.4.5 At the election of directors during the annual meeting of shareholders, every stockholder is entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give 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 shall see fit. Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. The candidates who receive the highest number of affirmative votes will be elected.

2.5 Specific Duties and Responsibilities of a Director

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

A director should observe the following norms of conduct.

- a. *Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.*

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

A director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations for the same.

- b. *Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.*

To show full commitment to the Corporation, a director shall devote the time and attention to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar 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.

A director shall attend and actively participate in all meetings of the Board, Committees, and Shareholders. In Board and Committee meetings, a director should review meeting materials and, if called for, ask necessary questions or seek clarifications or explanations.

c. *Act judiciously.*

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary make inquiries and request clarification.

d. *Exercise independent judgment.*

A director should view each problem or situation objectively and exercise independent judgment on all corporate affairs. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Corporation.

e. *Observe confidentiality.*

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

2.6 Internal Control Responsibilities of the Board

2.6.1 The control environment of the Corporation consists of (a) the Board, (b) a Management, (c) the organizational and procedural controls, and (d) an independent audit mechanism.

2.6.2 The Corporation may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

2.7 Board Meetings and Quorum Requirement

2.7.1 The members of the Board shall attend its regular and special meetings in person through telephone or videoconferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.

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

2.8 Remuneration of Directors and Officers

2.8.1 The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers and should be aligned with the long-term interests of the Corporation.

2.8.2 The Corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top management officers during the preceding fiscal year.

2.9 Board Committees

The Board shall constitute the proper committees to the extent possible to support the effective performance of the Board's function, particularly with respect to audit, risk management, RPTs, and other key corporate governance concerns.

2.9.1 The Board shall establish an Audit Committee to enhance its oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The Audit Committee shall consist of at least three (3) appropriately qualified directors, who shall have relevant background, knowledge, skills, and/or experience preferably in the areas of accounting, auditing and finance. The Chairman of the Audit Committee shall be an independent director. The Audit Committee shall have the following duties and responsibilities, among others:

- a. Recommends approval of the Internal Audit ("IA") Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b. 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 should 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;

- c. Oversees the IA Department if one has been established, and consider the appointment and/or grounds for approval of an IA head or Chief Audit Executive ("CAE"). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- f. 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;
- g. 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 should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report.
- h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change(s) in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements

- i. Reviews the disposition of the recommendations in the External Auditors management letters;
- j. 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;
- k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and present to the stockholders; and
- m. In case the Corporation does not have a Board Risk Oversight Committee ("BROC") and/or RPT Committee, performs the functions of said committees.

2.9.2 The Board may also organize the following committees:

- a. A Nomination Committee, which may be composed of at least three (3) members and one of whom shall be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
- b. A Compensation or Remuneration Committee, which may be composed of at least three (3) members, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.

2.9.3 The Executive Committee established in accordance with the By-laws shall act by majority vote of all of its members, on matters within the competence of the Board, except as specifically limited by law or by the Board of Directors.

2.10 Strengthening Board Ethics

Members of the Board of Directors are duty bound to apply high ethical standards, taking into account the interests of the Corporation, its shareholders, and other stakeholders.

III. THE EXECUTIVE OFFICERS

3.1 The Chairman and CEO

3.1.1 The Chairman and CEO shall preside at all meetings of the Board of Directors and of the stockholders. The Chairman and CEO shall have general supervision, administration and management of the business of the Corporation. The powers and duties of the Chairman and CEO are more specifically enumerated in Section 2, Articles VII of the By-laws. The Chairman and CEO shall establish general administrative and operating policies and guidelines.

3.1.2 In addition to what is provided in the aforementioned Section 2, Articles VII of the By-laws, the Chairman and CEO as head of the Board shall likewise:

- a. Ensure that the meetings of the Board are held in accordance with the By-laws or as the Chairman and CEO may deem necessary;
- b. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestion of Management and other director;
- c. Maintain qualitative and timely lines of communication and information between the Board and Management; and
- d. Make available a proper orientation for first-time directors and continuing training opportunities for all directors.

3.1.3 The positions of Chairman of the Board and CEO may, as much as practicable, be held by separate individuals 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 Chair and CEO upon their election and each shall have clearly defined responsibilities

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

3.2 The Other Executive Officers

The COO, CFO and other officers shall have the qualifications, duties and responsibilities specified in the By-laws of the Corporation, or as be specified or designated by the Board of Directors, or by the Chairman and CEO. All Officers of the Corporation shall familiarize themselves with and shall comply with their duties and responsibilities under this Manual.

3.3 The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation and preferably separate from the Compliance Officer. The Corporate Secretary shall not be a member of the Board and should annually attend a training on corporate governance. He or she has, among others, the following duties and responsibilities:

- a. Assists the Board and the board committees in the conduct of their meetings, including assisting the chairs of the Board and its committees to set agenda for those meetings;
- b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation;
- c. 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;
- d. 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;
- e. Advises on the establishment of board committees and their terms of reference;
- f. Informs members of the Board, in accordance with the bylaws, 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;

- g. Attends all Board meetings, except when justifiable causes, such as illness, death of an immediate family and serious accidents, prevent him or her from doing so;
- h. Performs required administrative functions;
- i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- j. Performs such other duties and responsibilities as may be provided by the SEC.

3.4 The Compliance Officer

The Board shall appoint a Compliance Officer who shall not be a member of the Board and should annually attend a training on corporate governance. He or she has, among others, the following duties and responsibilities:

- a. Ensures proper onboarding of new directors (i.e., orientation on the Corporation's business, charter, articles of incorporation and by-laws, among others);
- b. 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;
- c. Appears before the SEC when summoned in relation to compliance with this Code;
- d. Identifies possible areas of compliance issues and works towards the resolution of the same;
- e. Remind Board members and key officers to attend relevant trainings; and
- f. Performs such other duties and responsibilities as may be provided by the SEC.

IV. ADEQUATE AND TIMELY INFORMATION

4.1. 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.

4.2 Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

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

4.4 The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Corporation's expenses.

V. ACCOUNTABILITY AND AUDIT

5.1 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 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 should be maintained for the benefit of all stockholders and 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 operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
- d. The Corporation should consistently comply with the financial reporting requirements of the Commission;

5.2 The Corporation shall select an external auditor and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

The Audit Committee shall vet, approve and recommend the appointment, reappointment, removal, and fees of the external auditor.

5.3 The Audit Committee Charter shall include the Audit Committee's responsibility in assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit Committee's responsibility in reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

5.4 The Corporation shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with 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.

5.5 The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The Internal Auditor, if one has been appointed, should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

VI. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

6.1. The Corporation shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

The Board shall ensure that basic shareholder rights are disclosed in this Manual on Corporate Governance and the Corporation's website. These rights relate to the following, among others:

- a. Right to vote on all matters that require their consent or approval, including election of directors;
- b. Right to inspect corporate books and records;
- c. Right to information;
- d. Right to dividends; and
- e. Appraisal rights;

6.2 The Board shall encourage active participation by sending Notice of Annual and Special Stockholders' Meeting with sufficient and relevant information at least 28 days before the meeting.

6.3 The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Stockholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Stockholders' Meeting shall be available on the Corporation's website within five business days from the end of the meeting.

6.4 The Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.

6.5 The Board may establish an Investor Relations Office ("IRO") to ensure constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.

6.6 The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholders' favor.

It is the duty of the Board to promote the right of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

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

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders an avenue to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation

VII. BOARD PERFORMANCE ASSESSMENT

The Board may create an internal self-rating that can measure the performance of the Board and Management in accordance with the criteria provided for in this Code.

The creation and implementation of such self-rating system including its salient features, may be disclosed in the Corporation's annual report.

VIII. DISCLOSURE AND TRANSPARENCY

8.1 The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it be for Management and dominant stockholders to mismanage the Corporation or misappropriate its assets.

It is therefore essential that all material information about the Corporation which could adversely affect its viability or the interests of its stockholders and stakeholders should be publicly and timely disclosed through the appropriate Exchange mechanisms and submissions to the SEC.

8.2 This Manual on Corporate Governance shall contain the Corporation's governance policies, programs and procedures and shall be submitted to the SEC as required and shall be posted in the Corporation's website.

8.3 The Corporation shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information for informed decision-making by investors, stakeholders and other interested users.

IX. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

To ensure the integrity and, transparency and proper governance in the conduct of its affairs, the Corporation shall have a strong and effective internal control system and ERM framework.

The Corporation shall have an adequate and effective internal control system and an ERM framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.

X. DUTIES TO STAKEHOLDERS

10.1 The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.

The Corporation understands that it is impossible to treat all stakeholders equally because they have different and, at times, contradictory interests with respect to the Corporation. In the event that the Corporation is faced with situation where the interests of various stakeholders contradict each other, then the Board of Directors, or the Chairman/CEO, or Senior Management, shall determine who among the stakeholders will have priority and the attention of the Corporation following the provisions of the Corporation and other binding laws.

10.2 A mechanism for employee participation shall be developed to create a symbiotic environment, realize the Corporation's goals and participate in its corporate governance processes.

The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in its governance.

10.3 The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the Corporation's culture.

10.4 The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

10.5 The Corporation shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

The Corporation shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates.

XI. COMMITMENT TO CORPORATE GOVERNANCE

11.1 This Manual shall be made available to any director, officer, or employee of the Corporation. This Manual shall form part of the records of the Corporation that is available for inspection by any stockholder of the Corporation at reasonable hours or business days.

11.2 The Chairman of the Board shall be specifically tasked with the responsibility of ensuring adherence to the corporate governance code and practices.

11.3 The Corporation shall conduct information campaigns, orientation program or workshops on Corporate Governance under this Manual to its directors, officers and employees.

XII. QUALIFICATION

Nothing in this Manual shall be interpreted:

- a. to compel any act which will constitute a violation of law, regulation or contract applicable to the Corporation (including laws against unfair discrimination, confidentiality agreements, and privacy statute);
- b. to violate the Corporation's right to maintain the confidentiality of proprietary information, trade secrets, and other information, the premature disclosure of which will prejudice the legitimate interest of the Corporation; or
- c. to violate the Corporation Code, including the rights of minority directors, and minority shareholders.

XIII. EFFECTIVITY

This Manual on Corporate Governance is adopted on April 19, 2017 pursuant to SEC Memorandum Circular No. 19 dated November 22, 2016 promulgating the Code of Corporate Governance for Publicly-Listed Companies. This Manual supersedes all previous Manuals on Corporate Governance of A. Soriano Corporation including its revisions.



ANDRES SORIANO III
Chairman & Chief Executive Officer



JOSHUA L. CASTRO
Compliance Officer