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R O X A S H O L D I N G S I N C .

(Company's Full Name)

1 4 T H F L O O R , N E T O N E C E N T E R
2 6 T H C O R . 3 R D A V E N U E B O N I F A C I O
G L O B A L C I T Y , T A G U I G , M . M .

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

ATTY. MA. HAZEL L. RABARA-RETARDO

771-7800

September 30 Integrated Annual Corporate Governance Report February 3rd Wed.
Month Day Form Type Month Day
Fiscal Year Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic Foreign

TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes



SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) "Recommendations" - derived from the CG Code for PLCs;</p> <p>(2) "Supplement to Recommendation" - derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) "Additional Recommendations" - CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) "Optional Recommendation" - practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) - (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*"Not Applicable" or "None" shall not be considered as sufficient explanation</p>

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT
ADDITIONAL INFORMATION**

EXPLANATION

**COMPLIANT/
NON-
COMPLIANT**

The Board's Governance Responsibilities

Principle 1: The company should be headed by a competent, working board 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 other stakeholders.

Recommendation 1.1

1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.
2. Board has an appropriate mix of competence and expertise.
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.

Provide information or link/reference to a document containing information on the following:

1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors
2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance

Annual Report, Information Statement and Company Website

Recommendation 1.2

1. Board is composed of a majority of non-executive directors.

Identify or provide link/reference to a document identifying the directors and the type of their directorships

Annual Report, Information Statement and Company Website

The following are Executive Directors of the Board, having concurrent directorship positions in the Company's subsidiaries: Pedro E. Roxas (Chairman); Hubert D. Tubio (President and CEO); Santiago R. Elizalde (Director, CADPI)

Recommendation 1.3

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Complied</p>	<p>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p>	<p>Revised Manual on Corporate Governance</p>
<p>2. Company has an orientation program for first time directors.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p>	<p>There are no new Directors elected for the year ended December 31, 2018, but the Company provides orientation programs for all directors, officers and employees upon on-boarding including plant visits as may be needed. All the directors have attended Corporate Governance seminars provided by the accredited institutions such as SGV & Co. and the Institute of Corporate Directors.</p>
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Complied</p>		

Recommendation 1.4

<p>1. Board has a policy on board diversity.</p>	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p>	<p>Revised Manual on Corporate Governance, viz: 1.4 The Board shall have a policy on board diversity, taking into consideration factors on gender, age, ethnicity, culture, skills, competence and knowledge, provided that suitable qualified nominees to the Board are vetted, nominated and recommended by the Corporate Governance Committee and the Board, for election of the shareholders.</p> <p>There were no new directors elected as members of the Board of Directors of the Company for Calendar-Year ended December 31, 2018. However, the vetting and selection of a new female independent director amongst several female nominees, was completed in the first quarter 2019. She was then elected in the annual shareholders' meeting held last April 2019.</p>
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Optional: Recommendation 1.4

<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	<p>Corporate Governance Charter</p>
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Recommendation 1.5

1. Board is assisted by a Corporate Secretary.	Complied	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	Corporate Secretary – Atty. Cynthia L. Dela Paz (See Company Website, Amended By-Laws and Revised Manual on Corporate Governance)
2. Corporate Secretary is a separate individual from the Compliance Officer.	Complied		
3. Corporate Secretary is not a member of the Board of Directors.	Complied		
4. Corporate Secretary attends training/s on corporate governance.	Complied	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	Atty. De La Paz attended the Corporate Governance Seminar provided by the RISKS, OPPORTUNITIES, ASSESSMENT AND MANAGEMENT (ROAM), INC. on October 18, 2018 from 1:00-5:00 p.m. which included discussions and sub-topics on SEC Updates on Corporate Governance, Corporate Governance Trends and Cases. The Certificate of Attendance has been submitted to the SEC and PSE.
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Complied	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	Notice and Agenda sent through electronic mails
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Complied	Provide information on or	

<p>2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.</p>	<p>Complied</p>	<p>link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.</p>	<p>Atty. Jhoel P. Raquedan, Vice-President for Legal and Corporate Affairs Group was the Company's Compliance Officer for the year until his resignation in June 21, 2018. He was assisted by Atty. Ma. Hazel Rabara-Retardo, also holding the rank of Assistant Vice-President. Atty. Retardo is currently the OIC for the Legal and Corporate Affairs Group. Given the scope of authority, the rank of Vice-President is an equivalent position with adequate stature and authority in the corporation. The credentials of Mr. Raquedan was disclosed by the Company in the website and the PSE Edge. Ms. Retardo's credentials are to be found in the Company website and the Annual Report.</p>
<p>3. Compliance Officer is not a member of the board.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p>	<p>Ms. Retardo attended the Corporate Governance Seminar provided by the provided by the RISKS, OPPORTUNITIES, ASSESSMENT AND MANAGEMENT (ROAM), INC. on October 18, 2018 from 1:00-5:00 p.m. which included discussions and sub-topics on SEC Updates on Corporate Governance, Corporate Governance Trends and Cases. The Certificate of Attendance has been submitted to the SEC and PSE.</p>
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p>	<p>Ms. Retardo attended the Corporate Governance Seminar provided by the provided by the RISKS, OPPORTUNITIES, ASSESSMENT AND MANAGEMENT (ROAM), INC. on October 18, 2018 from 1:00-5:00 p.m. which included discussions and sub-topics on SEC Updates on Corporate Governance, Corporate Governance Trends and Cases. The Certificate of Attendance has been submitted to the SEC and PSE.</p>

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Complied</p>	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p>	<p>Minutes of the Meeting of the Board of Directors</p> <p>The Information Statements enumerated all the material actions and resolutions of the Company's Board of Directors for the previous year, as they are submitted for ratification by the Company's shareholders. In addition, all the meetings of the Board of Directors are properly recorded in the minutes. The Agenda of the Meetings of the Board of Directors always include a report and discussion on the Company and subsidiaries' Quarterly Performance, as well as the targets and strategies of the Company.</p>
<p>Recommendation 2.2</p>			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</p>	<p>The Information Statements enumerated all the material actions and resolutions of the Company's Board of Directors for the previous year, as they are submitted for ratification by the Company's shareholders. In addition, all the meetings of the Board of Directors are properly recorded in the minutes. The Agenda of the Meetings of the Board of Directors always include a report and discussion on the Company and subsidiaries' Quarterly Performance, as well as the targets and strategies of the Company.</p>
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Complied</p>	<p>Indicate frequency of review of business objectives and strategy</p>	<p>The Information Statements enumerated all the material actions and resolutions of the Company's Board of Directors for the previous year, as they are submitted for ratification by the Company's shareholders. In addition, all the meetings of the Board of Directors are properly recorded in the minutes. The Agenda of the Meetings of the Board of Directors always include a report and discussion on the Company and subsidiaries' Quarterly Performance, as well as the targets and strategies of the Company.</p>

Supplement to Recommendation 2.2

<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Complied</p>	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</p> <p>Indicate frequency of review of the vision, mission and core values.</p>	<p>Company Manual, Revised Manual on Code of Corporate Governance</p> <p>As a long-term and enduring guide towards the Company's sustainable growth and profitability, the Company's vision and mission statements are intended to endure over a long period of time. Nevertheless, the Board of Directors reviews and approves the Company's vision and mission statements as the need arises in response or in anticipation of changes in circumstances which affect the business of the Company.</p> <p>Thus, during the regular meeting of the Board of Directors held last 06 February 2013, the Board of Directors approved the amendment of the previous Manual on Corporate Governance principally to reflect and incorporate the company's new vision, mission and values.</p>
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document containing information on the strategy execution process.</p>	<p>The Company conducts yearly strategic planning sessions, and the results of which form part of the report to the Board and submitted for the latter's approval. (Minutes of Board of Directors' Meetings)</p>
<p>Recommendation 2.3</p>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Complied</p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p>	<p>Annual Report, Company Website</p>
<p>Recommendation 2.4</p>			

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Complied</p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	<p>Succession Management Program was initiated by the Management, through its Human Resources Department, within the entire organization. This is reported to the Board. Retirement policy</p>
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>Complied</p>		
<p>Recommendation 2.5</p>			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</p>	<p>See answers below</p>
<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	<p>Complied</p>		<p>The Board of Directors, through the Compensation Committee, determines the fixed remuneration of the key officers taking into account the company's salary structure as well as the prevailing compensation in the industry. The variable remuneration is the bonus or profit share that is determined by the Compensation Committee every year depending on performance.</p>
<p>(1) Fixed remuneration</p>			
<p>(2) Variable remuneration</p>			
<p>(3) Per diem allowance</p>			<p>Per diem allowance of management officers is determined on the basis of existing company rules and regulations on per diems that they are entitled during official business trips.</p>

<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>Complied</p>	<p>The monthly compensation/salaries of the Executive Directors are determined by the Compensation Committee and approved by the Board of Directors taking into account the company's salary structure and benefit package as well as the prevailing compensation benefit for the same position in the market.</p> <p>Article 19 of the By-Laws of the company provides that the Board of Directors shall be given 6% of the net income of the corporation before tax which shall be distributed among the directors in the following manner; 2% for the executive committee and 4% for the directors. Presently, the members of the Board of Directors receive a per diem of Php25,000.00 for each meeting of the Board that they attend. They are also paid a per diem of Php25,000.00 for each meeting of the committee where they are members.</p>
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<p>Optional: Recommendation 2.5</p>		
<p>1. Board approves the remuneration of senior executives.</p>	<p>Complied</p>	<p>Provide proof of board approval</p>
<p>Minutes of the Board of Directors Meetings and recommendation from Corporate Governance Committee and/or Executive Compensation Committee</p>		

2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Complied	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	Amended By-Laws
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Complied	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	Amended By-Laws of the Company, Information Statements prior to Annual Shareholders' Meetings
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Complied		All nominations to the Board of Directors are screened by the Corporate Governance Committee, chaired by an independent director, taking into account the qualifications and disqualifications set by the Board and the relevant laws, rules and regulations. It thereafter recommends to the Board the shortlisted nominees for endorsement to the shareholders. The nominees are then presented for all the shareholders' consideration as outlined in the Information Statement.
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Complied	Provide proof if minority shareholders have a right to nominate candidates to the board	In addition to the qualifications for membership in the Board as provided in the By-laws of the Company (Arts. 14 & 15, ABL), the Corporation Code, Securities Regulation Code and other relevant laws,
4. Board nomination and election policy includes how the board shortlists candidates.	Complied	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Complied		

<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>Complied</p>	<p>the Company considers the college education or equivalent academic degree of the person, his practical understanding of the business of the company, membership in good standing in the industry, business or professional organizations and previous business experience.</p> <p>See Annex A</p>
<p>Optional: Recommendation to 2.6</p>		
<p>1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.</p>	<p>Complied</p>	<p>Identify the professional search firm used or other external sources of candidates</p> <p>Institute of Corporate Directors</p>
<p>Recommendation 2.7</p>		
<p>1. Board has 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.</p>	<p>Complied</p>	<p>Annual Report with Audited Financial Statements (Note 15, Related Party Transactions for the last fiscal year) and Minutes of the Meeting of Board of Directors</p>
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Complied</p>	<p>See Annex B on the related party transactions policy</p>
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Complied</p>	<p>Identify transactions that were approved pursuant to the policy.</p>
<p>Supplement to Recommendations 2.7</p>		

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Complied</p>	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p>	<p>See Annex B on the related party transactions policy</p> <p>Until such time as the Board deems it appropriate to create a separate Board Risk Oversight Committee, the Audit Committee shall be tasked to formulate the RPT policy including the thresholds, assess RPTs as they occur, and recommend actions to the Board.</p>
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Complied</p>	<p>Provide information on voting system, if any.</p>	<p>Related party transactions are reported and submitted for ratification by the shareholders during the annual shareholders' meetings.</p>
<p>Recommendation 2.8</p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Complied</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identify the Management team appointed</p>	<p>Minutes of the Organizational Board of Directors Meeting and the Corporate Governance Committee. All Executive Officers, including the CEO, are vetted by the Corporate Governance Committee and endorsed/recommended to the Board for approval.</p> <p>See Annex C</p>

<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Complied</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p>Minutes of the Meeting of the Board of Directors, Quarterly Financial and Management Reports and Annual Report</p> <p>The performance of the RHI Group is presented to the Board every quarter; assessment is done by the Board every quarter as well as annually for the entire year's performance.</p>
<p>Recommendation 2.9</p>			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	<p>Minutes of the Meeting of the Board of Directors, Quarterly Financial and Management Reports and Annual Report</p> <p>The performance of the RHI Group is presented to the Board every quarter; assessment is done by the Board every quarter as well as annually for the entire year's performance.</p>
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Complied</p>		
<p>Recommendation 2.10</p>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system</p>	<p>Revised Manual on Corporate Governance, Audit and Risk Committee Charter</p> <p>See Annexes D and E for the Audit and Risk Committee Charter and Internal Audit Charter</p>
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>Complied</p>		

3. Board approves the Internal Audit Charter.	Complied	Provide reference or link to the company's Internal Audit Charter	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Complied	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	See Annex F for ERM Framework
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Complied	Provide proof of effectiveness of risk management strategies, if any.	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Complied	Provide link to the company's website where the Board Charter is disclosed.	http://roxasholdings.com.ph/corporategovernance.do?category_id=9930
2. Board Charter serves as a guide to the directors in the performance of their functions.	Complied		
3. Board Charter is publicly available and posted on the company's website.	Complied		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Complied	Provide information on or link/reference to a document showing company's insider trading policy.	http://roxasholdings.com.ph/images/items/uploads/Trading%20Restrictions%20Policy.pdf
Optional: Principle 2			

<p>1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.</p>	<p>The Company does not grant loans to directors as a rule.</p>
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>Complied</p>	<p>Indicate the types of decision requiring board of directors' approval and where there are disclosed.</p>	<p>Board Charter</p>
<p>Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
<p>Recommendation 3.1</p>			
<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p>	<p>Company Website, Information Statement The compositions of the Committees are outlined in Annex C</p>
<p>Recommendation 3.2</p>			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p>	<p>See Annex D on Audit and Risk Committee Charter The Audit Committee principally recommends the appointment and/or discharge of the external auditor.</p>

<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p>	<p>Information Statement, Company Website See Annex C</p>
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p>	
<p>Supplement to Recommendation 3.2</p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Complied</p>	<p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p>	<p>Audited Financial Statements, Audit and Risk Committee Charter, Minutes of Audit and Risk Committee Meetings</p>
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Not Complied</p>	<p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>The Audit Committee meets with the External Auditor but with the presence of key management officers and internal audit. The Committee, through the Chairman, ensures that the independence of the external auditor is not compromised or affected in the discussions and/or in the overall performance of its function.</p>
<p>Optional: Recommendation 3.2</p>			

1. Audit Committee meet at least four times during the year.	Completed	Indicate the number of Audit Committee meetings during the year and provide proof	Five
2. Audit Committee approves the appointment and removal of the internal auditor.	Completed	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	Minutes of the Audit Committee Meeting

Recommendation 3.3

1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.

Complied

Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions

Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.

The Corporate Governance Committee vetted off the nominees prior to re-election to the Board. The Corporate Governance Committee (CG Committee) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

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

b. 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;

c. 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;

d. 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;

e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

f. Proposes and plans relevant trainings for the members of the Board;

g. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and,

h. 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.

<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Not complied</p>	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p>	<p>The Corporate Governance Committee is composed of two independent directors and one executive director, who is the Chairman, at present. Independence in decision making exists among members as there are safeguards within the meetings and the Committee charter, in so far as to achieve the goal of ensuring adherence to corporate governance practices. The Corporation may consider transitioning its composition to three independent directors when additional new independent director is adequately prepared and oriented, and thereafter selected by the Company's Board.</p> <p>Company website</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p>	<p>Company website</p>
<p>1. Corporate Governance Committee meet at least twice during the year.</p>	<p>Complied</p>	<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p>	<p>The Corporate Governance Committee deliberates and approves resolutions through written assents or actual meetings. There were five deliberations last year, including the approval of the Revised Manual on Corporate Governance as directed by the SEC.</p>
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Not Complied</p>	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p>	<p>The Board has not yet deemed it appropriate to establish a separate BROC taking into consideration the size, operations and the risk profile of the Company and its subsidiaries. The functions of the BROC are performed</p>

<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Not Complied</p>	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p>	<p>currently by the Audit and Risk Committee. http://www.roxasholdings.com.ph/corporategovernance.do?category_id=9930</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Not Complied</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Not Complied</p>	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</p>	
<p>Recommendation 3.5</p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Not complied</p>	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p>	<p>The Board has not yet deemed it appropriate to establish a separate RPT Committee taking into consideration the size, operations and the risk profile of the Company and its subsidiaries. The functions of the BROC are performed currently by the Audit and Risk Committee.</p>
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Not complied.</p>	<p>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p>	
<p>Recommendation 3.6</p>			

<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>Complied</p>	<p>Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</p>	<p>The charters of each of the Audit and Risk and Corporate Governance Committees which would identify their memberships and functions are disclosed in the Company website.</p>
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Complied</p>		<p>The committees shall be measured through the functions delegated to it by the Board and identified in their respective charters.</p>
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Complied</p>	<p>Provide link to company's website where the Committee Charters are disclosed.</p>	<p>https://www.roxasholdings.com.ph/corporategovernance.do?category_id=9930</p>
<p>Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</p>			
<p>Recommendation 4.1</p>			
<p>1. The Directors 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.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele-/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>Revised Manual on Corporate Governance; Minutes of the Board of Directors' Meetings</p> <p>The Board and the Board Committees allow the participation of directors to meetings through teleconferencing, upon advise to the Corporate Secretary. The Corporate Secretary keeps the records of the details of such meetings where teleconferencing was used.</p>

2. The directors review meeting materials for all Board and Committee meetings.	Complied		Minutes of the Board of Directors' Meetings
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Complied	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors	Minutes of the Board of Directors' Meetings
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Complied	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p>	<p>Revised Manual on Corporate Governance provides:</p> <p>4.2. Unless allowed by the Board and provided that the director concerned will still be able to effectively perform the roles and responsibilities as member of the Company's Board, a non-executive director of the Board shall concurrently serve as director up to a maximum of five publicly listed companies xxx"</p> <p>The Information Statement lists down the current directorships in other companies of the Company's directors.</p>
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Complied	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	There were no new notifications coming from the directors, and there were none accepted within the CY-ended 2018.
Optional: Principle 4			

1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Not Complied		
2. Company schedules board of directors' meetings before the start of the financial year.	Complied		
3.			
4. Board of directors meet at least six times during the year.	Complied	Indicate the number of board meetings during the year and provide proof	Board Attendance on Annex C
5. Company requires as minimum quorum of at least 2/3 for board decisions.	Not complied	Indicate the required minimum quorum for board decisions	Simple majority of the quorum present during any meeting of the Board is required

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs
Recommendation 5.1

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>Not complied</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board</p>	<p>Annex C Revised Manual on Corporate Governance:</p> <p>5.1 The Board shall have atleast three independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher. The Company shall, however, maintain its current number of <u>two (2) independent directors, until such time as an additional independent director is properly vetted, nominated and elected in the Board by the Company shareholders.</u></p> <p>There were no new directors elected as members of the Board of Directors of the Company for Calendar-Year ended December 31, 2018. However, the vetting and selection of a new female independent director amongst several female nominees, was completed in the first quarter 2019. She was then elected in the annual shareholders' meeting held last April 2019, and brought the total number of independent directors to 3.</p>
<p>Recommendation 5.2</p>			
<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p>	<p>Company website; Information Statement</p>

Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Complied	Provide link/reference to a document containing information that directors are not constrained to vote independently.	Amended By-Laws
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Recommendation 5.3

1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Complied	Provide information or link/reference to a document showing the years IDs have served as such.	Annex G – Board Attendance
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Complied	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director	Revised Manual on Corporate Governance
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Complied	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	No shareholders' approval was solicited for this purpose

Recommendation 5.4

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Complied	Identify the company's Chairman of the Board and Chief Executive Officer	Annex C Chairman – Mr. Pedro E. Roxas President and CEO – Mr. Hubert D. Tubio
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<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p>	<p>The duties and responsibilities of the Chairman in relation to the Board include, among others, the following:</p> <ol style="list-style-type: none"> 1. Ensure that the meetings of the Board are held in accordance with the By-Laws or as he may deem necessary; 2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer ("CEO"), Management and the Directors; and, 3. Maintain qualitative and timely lines of communication and information between the Board and Management. <p>The roles of the Chairman and CEO shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chairman and CEO upon their election.</p> <p>The duties and responsibilities of the President and CEO are outlined in the Amended By-Laws of the Corporation</p>
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Recommendation 5.5	
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	<p>Complied</p> <p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p> <p>The Company appointed Mr. David L. Balangue as Lead Independent Director of the Board.</p>
Recommendation 5.6	
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	<p>Complied</p> <p>Provide proof of abstention, if this was the case</p> <p>No director had any material interest in any transaction affecting the Company.</p>
Recommendation 5.7	
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	<p>Complied</p> <p>Provide proof and details of said meeting, if any.</p> <p>Provide information on the frequency and attendees of meetings.</p> <p>Revised Manual on Corporate Governance provides:</p> <p>" 5.7 The non-executive directors shall have separate periodic meetings, <u>as maybe necessary</u>, with the external auditor and heads of internal, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Company. xxx"</p> <p>In the determination of the NEDs, there was no instance that such a meeting was necessary during the last CY ending 2018.</p>
2. The meetings are chaired by the lead independent director.	<p>Complied</p>
Optional: Principle 5	

1. None of the directors is a former CEO of the company in the past 2 years.	Complied	Provide name/s of company CEO for the past 2 years	Renato C. Valencia, Ramon Picornell
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Complied	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	Self-assessment has been initiated by the Audit Committee, the results thereof will be validated by the Compliance Officer and reported to the Board for discussion and approval.
2. The Chairman conducts a self-assessment of his performance.	Complied		
3. The individual members conduct a self-assessment of their performance.	Complied		
4. Each committee conducts a self-assessment of its performance.	Complied		
5. Every three years, the assessments are supported by an external facilitator.	Complied	Identify the external facilitator and provide proof of use of an external facilitator.	The engagement will happen in 2020, to assess Board performance for CY ending 2019.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Complied	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	The performance shall be assessed according to the functions stated in the Board Charter and in the committee charters. The self-assessment likewise takes into consideration the parameters set by the Commission such as Memorandum Circular 4, Series of 2012. Annual Shareholders' Meeting
2. The system allows for a feedback mechanism from the shareholders.	Complied		

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

<p>1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>	<p>Complied</p>	<p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p>	<p>http://foxasholdings.com.ph/corporategovernance.do?item_id=102385221</p>
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>Complied</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p>	<p>The Code was presented to the Board for approval and thereafter circulated to all officers and employees within the RHI Group. Newly-hired officers and employees are likewise oriented on the Code and provided with a copy thereof together with the Company Manual.</p>
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Complied</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.</p>	<p>http://foxasholdings.com.ph/corporategovernance.do?item_id=102385221</p>

Supplement to Recommendation 7.1

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</p>	<p>Code of Business Conduct http://foxasholdings.com.ph/corporategovernance.do?item_id=102385221</p>
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Recommendation 7.2

<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>Complied</p>	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p>	<p>Compliance Officer conducts orientation on the Code and ensures that communication lines are open through the whistle-blower hotline for reports on possible violations. He or she also conducts annual disclosure survey on conflicts of interest.</p>
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Complied</p>		<p>Compliance Officer is present during the Board and Committee meetings to report on possible violations observed.</p>
<p>Disclosure and Transparency</p>			
<p>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>			
<p>Recommendation 8.1</p>			
<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>Complied</p>	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p>	<p>http://roxasholdings.com.ph/company-disclosures.do?category_id=9960</p>
<p>Supplement to Recommendations 8.1</p>			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Complied</p>	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p>	<p>http://roxasholdings.com.ph/company-disclosures.do?category_id=9961</p> <p>Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty to forty-five (40-45) days from the end of the reporting period.</p>

<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Complied</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. 	<p>Annual Report in SEC Form 17-A Please see attached Annex I</p> <p>The major shareholders of the Company are the First Pacific Group and Roxas & Company, Inc. Both entities are listed in the Hong Kong Stock Exchange and the Philippine Stock Exchange, as such, all material transactions are disclosed to the public.</p> <p>Pages 1-4 and 31-32</p>
<p>Recommendation 8.2</p>			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p> <p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Complied</p>	<p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</p> <p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p>	<p>Trading Restrictions Policy http://roxasholdings.com.ph/images/items/uploads/Trading%20Restrictions%20Policy.pdf</p> <p>No director has engaged in the trading of the Company's shares in the last CY ending December 31, 2018.</p>
<p>Supplement to Recommendation 8.2</p>			

<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>Complied</p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map.</p>	<p>Annual Report on SEC Form 17-A; Information Statement (SEC Form 20-IS); Beneficial Ownership Reports (SEC Form 23); Company Website Annual Report</p>
<p>Recommendation 8.3</p>			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Complied</p>	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	<p>Annual Report on SEC Form 17-A; Information Statement (SEC Form 20-IS); Beneficial Ownership Reports (SEC Form 23)</p>
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Complied</p>	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	<p>Annual Report on SEC Form 17-A; Information Statement (SEC Form 20-IS); Beneficial Ownership Reports (SEC Form 23); Company Website</p>
<p>Recommendation 8.4</p>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Complied</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p>	<p>Executive Compensation Committee Charter (Company Website)</p>

2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Complied	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Complied	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	Annual Report on SEC Form 17-A and Information Statement on SEC Form 20-IS
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Complied	Disclose or provide reference/link to company's RPT policies Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	Annex B No director was engaged in any transaction that may arise to possible conflict of interest vis-à-vis the interests of the Company.

<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Complied</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions 	<p>Annual report and Audited Financial Statements</p>
<p>Supplement to Recommendation 8.5</p>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Complied</p>	<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p>	<p>Code of Business Conduct</p>
<p>Optional : Recommendation 8.5</p>			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and of arms' length.</p>	<p>Complied</p>	<p>Provide link or reference where this is disclosed, if any</p>	<p>Annual report and Audited Financial Statements, if any</p>
<p>Recommendation 8.6</p>			

<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p> <p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>Complied</p>	<p>Provide link or reference where this is disclosed</p>	<p>PSE Edge disclosures are mirrored directly in the Company Website to allow for simultaneous disclosure</p> <p>No transaction was done to require a fairness opinion under the rules of the Commission for the CY ending December 31, 2018.</p>
<p>Supplement to Recommendation 8.6</p>			
<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	<p>Complied</p>	<p>Provide link or reference where these are disclosed.</p>	<p>No agreement that may impact on the control, ownership, and strategic direction of the Company had been entered into for the CY ending December 31, 2018.</p>
<p>Recommendation 8.7</p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Complied</p>	<p>Provide link to the company's website where the Manual on Corporate Governance is posted.</p>	<p>http://roxasholdings.com.ph/corporategovernance.do?category_id=9927</p>
<p>2. Company's MCG is submitted to the SEC and PSE.</p>	<p>Complied</p>		
<p>3. Company's MCG is posted on its company website.</p>	<p>Complied</p>		
<p>Supplement to Recommendation 8.7</p>			

<p>1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.</p>	<p>Complied</p>	<p>Provide proof of submission.</p>	<p>PSE Edge</p>
<p>Optional: Principle 8</p>			
<p>1. Does the company's Annual Report disclose the following information:</p>		<p>Provide link or reference to the company's Annual Report containing the said information.</p>	<p>SEC Form 17A with Audited Financial statements:</p>
<p>a. Corporate Objectives</p>	<p>Complied</p>		<p>https://roxasholdings.com.ph/company-disclosures.do?category_id=18501</p>
<p>b. Financial performance indicators</p>	<p>Complied</p>		<p>https://roxasholdings.com.ph/company-disclosures.do?category_id=18501</p>
<p>c. Non-financial performance indicators</p>	<p>Complied</p>		<p>https://www.roxasholdings.com.ph/images/items/uploads/2018_RHI_Annual_Report.pdf</p>
<p>d. Dividend Policy</p>	<p>Complied</p>		
<p>e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors</p>	<p>Complied</p>		
<p>f. Attendance details of each director in all directors' meetings held during the year</p>	<p>Complied</p>		
<p>g. Total remuneration of each member of the board of directors</p>	<p>Complied</p>		
<p>2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	<p>Complied</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>pp.13-14</p>

<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>Complied</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>The Board, through the Audit Committee (the Committee), confers with the internal and external auditors at the beginning of every fiscal year to discuss the audit plans and programs for the year, to ensure review Company's material controls. The plans are submitted for the consideration and approval of the Board of Directors.</p>
<p>4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.</p>	<p>Not Complied</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>This is contained in the Audit Committee Self-Assessment Results</p>
<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).</p>	<p>Complied</p>	<p>Provide link or reference to where these are contained in the Annual Report</p>	<p>Annual report, pp.5-9</p>
<p>Principle 9: The company should 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.</p>			
<p>Recommendation 9.1</p>			
<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Complied</p>	<p>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</p>	<p>Audit and Risk Committee Charter</p>

<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>Complied</p>	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p>	<p>1,073,419,924 shares or 69.34% of the total issued and outstanding shares of stock with no dissenting or abstaining vote</p>
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p>	<p>Annual Report; Information Statement (SEC Form 20-IS)</p>
<p>Supplement to Recommendation 9.1</p>			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</p>	<p>Annual Report; Information Statement (SEC Form 20-IS)</p>
<p>Recommendation 9.2</p>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p>	<p>Complied</p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>http://www.roxasholdings.com.ph/corporategovernance.do?category_id=9930</p> <p>Minutes of the Audit Committee Meeting</p>
<p>i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>			

<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Complied</p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>http://www.roxasholdings.com.ph/corporategovernance.do?category_id=9930 Minutes of the Audit Committee Meeting</p>
<p>Supplement to Recommendations 9.2</p>			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Complied</p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>http://www.roxasholdings.com.ph/corporategovernance.do?category_id=9930 Minutes of the Audit Committee Meeting</p>
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Complied</p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>http://www.roxasholdings.com.ph/corporategovernance.do?category_id=9930 Minutes of the Audit Committee Meeting</p>
<p>Recommendation 9.3</p>			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Complied</p>	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p>	<p>No non-audit service rendered for 6 months ending December 31, 2018.</p>
<p>2. Audit Committee stays 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.</p>	<p>Complied</p>	<p>Provide link or reference to guidelines or policies on non-audit services</p>	<p>Audit and Risk Committee Charter</p>
<p>Supplement to Recommendation 9.3</p>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Complied</p>	<p>Provide information on audit and non-audit fees paid.</p>	<p>Audit and Risk Committee Charter</p>

Additional Recommendation to Principle 9

<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Complied</p>	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. 	<p>SYCIP GORRES VELAYO & CO. Aileen L. Saringan Partner CPA Certificate No. 72557 SEC Accreditation No. 0096-AR-4 (Group A), August 18, 2016, valid until August 18, 2019 Tax Identification No. 102-089-397 BIR Accreditation No. 08-001998-058-2018, February 26, 2018, valid until February 25, 2021 PTR No. 7332610, January 3, 2019 Makati City SGV and Co. 6760 Ayala Avenue Makati City 1276 Philippines Tel. No.: (63 2) 891 0307</p>
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>Complied</p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. 	<p>c/o SGV and Co. 6760 Ayala Avenue Makati City 1276 Philippines Tel. No.: (63 2) 891 0307</p>
<p>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</p>			
<p>Recommendation 10.1</p>			
<p>1. Board has 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.</p>	<p>Complied</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p>	<p>Sustainability Report Annual Report pp. 13-21 Company Website https://www.roxasholdings.com.ph/sustainability.do?item_id=1024254209</p>

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Complied	Provide link to Sustainability Report, if any. Disclose the standards used.	Same as above
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has 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.	Complied	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	Website, PSE Disclosures (Periodic and Current Reports), Press Releases and Media Briefings
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Provide link to company website		
a. Financial statements/reports (latest quarterly)	Complied	https://www.roxasholdings.com.ph/comp-any-disclosures.do?category_id=9961	
b. Materials provided in briefings to analysts and media	Complied	https://www.roxasholdings.com.ph/press-materials.do?category_id=9972	
c. Downloadable annual report	Complied	https://www.roxasholdings.com.ph/image/s/items/uploads/1555917423982_2018_RHL_17-A_Annual_Report.pdf	
d. Notice of ASM and/or SSM	Complied	https://www.roxasholdings.com.ph/image/s/items/uploads/1556011129319_Rev_Definitive_Information_Statement.pdf	
e. Minutes of ASM and/or SSM	Complied	https://www.roxasholdings.com.ph/comp-any-disclosures.do?category_id=9958	

f. Company's Articles of Incorporation and By-Laws	Complied	http://roxasholdings.com.ph/corporategovernance.do?id=22323 http://roxasholdings.com.ph/corporategovernance.do?id=22325
Additional Recommendation to Principle 11		
1. Company complies with SEC-prescribed website template.	Complied	
Internal Control System and Risk Management Framework		
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.		
Recommendation 12.1		
1. Company has an adequate and effective internal control system in the conduct of its business.	Complied	<p>Annex E – Internal Audit Charter</p> <p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p>

<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Complied</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>http://foxasholdings.com.ph/images/items/uploads/Enterprise%20Risk%20Management.pdf</p>
<p>Supplement to Recommendations 12.1</p>			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Complied</p>	<p>Provide information on or link/reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p>	<p>Annual Report on SEC Form I7-A, pp. 5-10</p>
<p>Optional: Recommendation 12.1</p>			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>Complied</p>	<p>Provide information on IT governance process</p>	<p>See Annex I – IT Governance Processes</p>

Recommendation 12.2

1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Complied	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	Internal Audit functions are performed in-house.
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Recommendation 12.3

1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Complied	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	Josephine M. Logrono – AVP, Internal Audit Internal Audit Charter
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Complied		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Complied	Identify qualified independent executive or senior management personnel, if applicable.	No outsourced internal audit activity for CY ending December 31, 2018

Recommendation 12.4

1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Complied	Provide information on company's risk management function.	Audit and Risk Committee Charter
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Supplement to Recommendation 12.4

1. Company seeks external technical support in risk management when such competence is not available internally.	Complied	Identify source of external technical support, if any.	Audit and Risk Committee Charter. No outsourced activity for CY ending December 31, 2018
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Complied	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	Ms. Kathrina Estrella Sebastian - AVP, Treasury/Chief Risk Officer (resigned) effective February 2019 and replaced by Ms. Anna G. Yu. Ms. Sebastian's credentials are in the Company Website, Annual report and Information Statement
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Complied		Ms. Sebastian held the rank of an Assistant Vice-President of the Company.
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Complied	Provide link to CEO and CAE's attestation	Statement of Management Responsibility, Audited Financial Statement
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Complied	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	http://roxasholdings.com.ph/corporategovernance.do?category_id=9935
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Complied	Provide link to company's website	http://roxasholdings.com.ph/corporategovernance.do?category_id=9935
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Complied		Amended By-Laws

<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>Complied</p>	<p>Provide information on all classes of shares, including their voting rights if any.</p>	<p>Articles of Incorporation http://roxasholdings.com.ph/corporategovernance.do?id=22323</p>
<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Complied</p>	<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p>	<p>Information Statement (SEC Form 20-IS)</p> <p>Stockholders are entitled to a cumulative voting in the election of directors. Section 24 of the Corporation Code of the Philippines provides that every stockholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares of stock standing at the time fixed in the by-laws, in his own name in the stock books of the corporation, or where the by-laws are silent, at the time of the election and the stockholder may vote such number of shares for as many persons as there are directors to be elected 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.</p> <p>For all other matters to be acted upon, each share is entitled to one (1) vote.</p>

<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>Not Complied</p>	<p>Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.</p>	<p>Voting Procedures adopted in the annual shareholders meeting conducted in April 11, 2018</p> <p>(a) The vote required for approval or election.</p> <p>(1) Minutes of Previous Stockholders' Meeting - majority of the shares represented at the meeting</p> <p>(2) Chairman's and President's Report - majority of the shares represented at the meeting</p> <p>(3) Audited Financial Statements - majority of the shares represented at the meeting</p> <p>(4) Ratification of All Acts and Resolutions of the Board of Directors - majority of the shares represented at the meeting</p> <p>(5) Approval of the Amendment to Art. III of the Articles of Incorporation on the change in the principal office address of the corporation - 2/3 of the outstanding capital stock</p> <p>(5) Election of Directors - plurality of vote of the stockholders owning or representing a majority of the outstanding shares</p> <p>(6) Election of External Auditors - plurality of the shares represented at the meeting</p> <p>(b) The method by which votes will be counted. Subject to cumulative voting in the election of Directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date. Counting of votes will be done by representatives of Banco de Oro - Trust & Investments Group, the company's stock transfer agent, and Atty. Florencio M. Mamaoag, Jr., in his capacity as Assistant Corporate Secretary, all of whom shall serve as members of the election committee. Voting shall be done through raising of hands.</p> <p>This is in compliance with existing rules and regulations including the Corporation Code and approved by all the shareholders themselves as it is adopted in the Company's Amended By-Laws. Adequate protection is ensured for the minority shareholders as they are entitled to appraisal right for instances enumerated under the Corporation Code.</p> <p>Further, as stated under the rights of Stakeholders in the Company website, although all the shareholders are treated equally or without discrimination, the Board shall give the minority stockholders the right to propose the holding of the meetings and the items for discussions in the agenda that relate directly to the business of the Company. This is clearly shown in the Minutes of Annual Shareholders' Meeting where ample opportunity to raise concerns from all shareholders are provided.</p>
<p>SEC Form - I-ACGR * Updated 21Dec2017 Page 50 of 71</p>			

5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Complied	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	Amended By-Laws
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Complied	Provide information or link/reference to the policies on treatment of minority shareholders	Company website
7. Company has a transparent and specific dividend policy.	Complied	Provide information on or link/reference to the company's dividend Policy. Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration	http://foxasholdings.com.ph/corporategovernance.do?item_id=102386581 Annual Report

Optional: Recommendation 13.1

1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Complied	Identify the independent party that counted/validated the votes at the ASM, if any.	BDO as Stock Transfer Agent
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Recommendation 13.2

<p>1. Board encourages 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.</p>	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p>	<p>Complied</p>	<p>Notices were posted in the PSE and the Company website 31 days before the Annual Shareholders meeting held for CY 2018.</p> <p>Notices were sent 28 days prior to the meeting.</p> <p>http://roxasholdings.com.ph/company-disclosures.do?category_id=9963</p>
<p>Supplemental to Recommendation 13.2</p>			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>	<p>Provide link or reference to the company's notice of Annual Shareholders' Meeting</p>	<p>Complied</p>	<p>https://www.roxasholdings.com.ph/images/items/uploads/2017%20Definitive%20Information%20Statement.pdf</p>
<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>		<p>Complied</p>	<p>Pp 7-10, Definitive Information Statement</p>
<p>b. Auditors seeking appointment/re-appointment</p>		<p>Complied</p>	<p>p.15</p>
<p>c. Proxy documents</p>		<p>Complied</p>	<p>Attachment to the Definitive Information Statement</p>
<p>Optional: Recommendation 13.2</p>			
<p>1. Company provides rationale for the agenda items for the annual stockholders meeting</p>	<p>Provide link or reference to the rationale for the agenda items</p>	<p>Complied</p>	<p>http://roxasholdings.com.ph/company-disclosures.do?category_id=9963</p>

Recommendation 13.3

<p>1. Board encourages 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.</p>	<p>Complied</p>	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p>	<p>PSE Disclosure on the results and voting count on the matters taken up in the ASM.</p>
<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Complied</p>	<p>Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll. Include whether there was opportunity to ask question and the answers given, if any</p>	<p>https://www.roxasholdings.com.ph/comp-any-disclosures.do?category_id=9958</p>

Supplement to Recommendation 13.3

<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Complied</p>	<p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p>	<p>External Auditor and Board of Advisors were present in the ASM</p>
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Recommendation 13.4

<p>1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	<p>Complied</p>	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</p>	<p>Any dispute or controversy may be raised by a shareholder directly to the Corporate Secretary or to the Investor Relations Office, to be endorsed to the Board for proper action. Should the dispute remain unresolved to the satisfaction of the parties, the Company may consider resorting to conciliation and mediation under existing rules and regulations.</p>
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>Complied</p>	<p>Provide link/reference to where it is found in the Manual on Corporate Governance</p>	<p>13.4 The Board shall make available an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner, which upon adoption, shall be part of this Manual on Corporate Governance</p>
<p>Recommendation 13.5</p>			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>Complied</p>	<p>Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address</p>	<p>Ms. Roulee Jane F. Calayag Tel/Fax: 771-7800 to 05 Email: rouleejane.calayag@rhi.com.ph</p>
<p>2. IRO is present at every shareholder's meeting.</p>	<p>Complied</p>	<p>Indicate if the IRO was present during the ASM.</p>	<p>Ms. Calayag was present during the ASM.</p>
<p>Supplemental Recommendations to Principle 13</p>			
<p>1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group</p>	<p>Complied</p>	<p>Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.</p>	<p>There were no anti-takeover measures or similar devices encountered in CY ending December 31, 2018</p>

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Not complied	Indicate the company's public float.	17.00% The current public float is compliant with existing rules and regulations of the Commission on minimum public ownership of existing PLCs.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Shareholders' Meeting	Complied	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	Through the Investor Relations Office
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Not complied	Disclose the process and procedure for secure electronic voting in absentia, if any.	No such existing policy or procedure is available since the Board allows for shareholders to nominate a proxy for the purpose.

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Complied	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	Annual Report on SEC Form 17-A, the Quarterly Reports on SEC Form 17-Q, and Information Statement contain the data on the existing shareholders of the Company
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Complied	Identify policies and programs for the protection and fair treatment of company's stakeholders	http://roxasholdings.com.ph/corporategovernance.do?category_id=9936
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Recommendation 14.3

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Complied</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	<p>http://roxasholdings.com.ph/corporategovernance.do?category_id=9936</p> <p>Investor Relations Office – Ms. Roulee Jane F. Calayag (details earlier provided)</p> <p>Whistle-Blowing Hotline – 0998-599-5941</p> <p>Included in the Code of Business Conduct</p>
<p>Supplement to Recommendation 14.3</p>			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Complied</p>	<p>Provide information on the alternative dispute resolution system established by the company.</p>	<p>Any dispute or controversy may be raised by a shareholder directly to the Corporate Secretary or to the Investor Relations Office, to be endorsed to the Board for proper action. Should the dispute remain unresolved to the satisfaction of the parties, the Company may consider resorting to conciliation and mediation under existing rules and regulations.</p>
<p>Additional Recommendations to Principle 14</p>			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>Complied</p>	<p>Disclose any requests for exemption by the company and the reason for the request.</p>	<p>No request for exemption</p>

2. Company respects intellectual property rights.	Complied	Provide specific instances, if any.	No existing case for infringement on any intellectual property rights
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Complied	Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	http://roxasholdings.com/ph/corporategovernance.do?category_id=9937
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Complied	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	http://roxasholdings.com/ph/corporategovernance.do?category_id=9937
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Complied	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	Annual Report on Human Resources programs and initiatives as another factor to improve sustainability (pp.19-20)
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Complied	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	Company has existing employee stock option plans.

2. Company has policies and practices on health, safety and welfare of its employees.	Complied	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.	Annual report on SEC Form 17-A
3. Company has policies and practices on training and development of its employees.	Complied	Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.	Annual Report on SEC Form 17-A; Information Statement; Executive Compensation Committee Charter and Corporate Governance Committee Charter
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Complied	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption	Code of Business Conduct http://roxasholdings.com.ph/corporategovernance.do?item_id=102385221
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Complied	Identify how the board disseminated the policy and program to employees across the organization	Compliance Officer and/or the HR Department conduct onboarding orientation for new hires as well as trainings for existing employees. These activities are reported to Board.
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Complied	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy.	Code of Business Conduct No violation involving bribes was reported in CY ending December 31, 2018
Recommendation 15.3			

<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>Complied</p>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees. Indicate if the framework includes procedures to protect the employees from retaliation. Provide contact details to report any illegal or unethical behavior.</p>	<p>Included in the Business Conduct Policy Whistle-Blowing Hotline – 0998-599-5941</p>
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>Complied</p>		<p>Compliance Officer reports to the Corporate Governance Committee chaired by an Independent Director all concerns received through the hotline.</p>
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Complied</p>	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p>	<p>Compliance Officer reports to the Corporate Governance Committee chaired by an Independent Director all concerns received through the hotline.</p>
<p>Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p>Recommendation 16.1</p>			
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Complied</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p>	<p>Annual Report provides a section on Corporate Social Responsibility programs and initiatives (pp.15-16).</p>

Optional: Principle 16

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Complied</p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p>	<p>Annual Report provides a section on Corporate Social Responsibility programs and initiatives (pp. 15-16).</p>
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Complied</p>	<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p>	<p>Annual Report provides a section on Corporate Social Responsibility programs and initiatives (pp. 15-16).</p>

ANNEX A: NOMINATIONS TO THE RHI BOARD OF DIRECTORS

1. Qualifications of Directors

In addition to the qualifications for membership in the Board as provided for in the By-Laws of the Company, the Corporation Code, Securities Regulation Code and other relevant laws, 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 Company;
- c. Membership in good standing in relevant industry, business or professional organizations; and
- d. Previous business experience.

1. Disqualification of Directors

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

- c. The disqualification shall also apply if such person: (a) 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 the *Bangko Sentral ng Pilipinas* ("BSP"), or under any rule or regulation issued by the Commission or BSP, or (b) has otherwise been restrained to engage in any activity involving securities and banking; or (c) 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;
- d. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- e. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, included 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;
- f. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- g. Any person judicially declared as insolvent;
- h. 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 3.4.1.1 to 3.4.1.5 above;
- i. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

Temporary Disqualification. 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 percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- c. Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- d. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
- 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.

ANNEX B: RELATED PARTY TRANSACTIONS

Related Party Transactions	Policies and Procedures
(1) Parent Company	Major investments and substantial operational transactions require approval from Executive Committee subject to concurrence by the Board. Disclosures are always provided in the audited financial statements for transparency.
(2) Joint Ventures	Major investments and substantial operational transactions require approval from Executive Committee subject to concurrence by the Board. Disclosures are always provided in the audited financial statements for transparency.
(3) Subsidiaries	Major investments and substantial operational transactions require approval from Executive Committee subject to concurrence by the Board. Disclosures are always provided in the audited financial statements for transparency.
(4) Entities Under Common Control	Major investments and substantial operational transactions require approval from Executive Committee subject to concurrence by the Board. Disclosures are always provided in the audited financial statements for transparency.
(5) Substantial Stockholders	Major investments and substantial operational transactions require approval from Executive Committee subject to concurrence by the Board. Disclosures are always provided in the audited financial statements for transparency.
(6) Officers including spouse/children/siblings/parents	Major investments and substantial operational transactions require approval from Executive Committee subject to concurrence by the Board. Disclosures are always provided in the audited financial statements for transparency.
(7) Directors including spouse/children/siblings/parents	Major investments and substantial operational transactions require approval from Executive Committee subject to concurrence by the Board. Disclosures are always provided in the audited financial statements for transparency.
(8) Interlocking director relationship of Board of Directors	Major investments and substantial operational transactions require approval from Executive Committee subject to concurrence by the Board. Disclosures are always provided in the audited financial statements for transparency.

ANNEX C: RHI MANAGEMENT TEAM For CALENDAR YEAR 2018

Name	Position
Mr. Pedro E. Roxas	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde-Dela Paz	Corporate Secretary
Mr. Celso T. Dimarucut	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	EVP/COO, Sugar Business Unit
Mr. Jose B. Villanueva III	VP/CMO, Ethanol Business Unit
Mr. George T. Cheung	SVP, Commercial Operations
Atty. Jhoel P. Raquedan	Asst. Corporate Secretary; VP, Legal & Corporate Affairs; Compliance Officer/Chief Information Officer (until June 21, 2019)
Mr. Fernando H. Corpuz	VP/GM, CADPI
Mr. Esteban H. Coscolluela	VP/GM, CACI
Mr. Jose Manuel L. Mapa	VP/GM, RHI-ADC
Mr. Frederick E. Reyes	VP, Human Resources
Mr. Jaynel R. Sulangi	VP, Information & Communications Technology
Ms. Kathrina Estrella L. Sebastian	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica Canela-Cortez	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	Asst. Corporate Secretary; AVP Governance & Deputy Compliance Officer; Data Protection Officer
Ms. Josephine M. Logroño	AVP, Internal Audit
Mr. Jaypee V. Jimenez	AVP, Procurement and Materials Management

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

- Mr. Pedro E. Roxas Chairman
- Mr. Manuel V. Pangilinan Member
- Mr. David L. Balangue Member (Independent Director)

Audit Committee:

- Mr. David L. Balangue Chairman (Independent Director)
- Mr. Christopher H. Young Member
- Mr. Oscar J. Hilado Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

- Mr. Oscar J. Hilado Chairman (Independent Director)
- Mr. Pedro E. Roxas Member
- Mr. David L. Balangue Member (Independent Director)

Compensation Committee:

- Mr. Manuel V. Pangilinan Chairman
- Mr. Santiago R. Elizalde Member
- Mr. Oscar J. Hilado Member (Independent Director)

Mr. David L. Balangue was likewise elected as Lead Independent Director of the Company.

Annex D: Audit and Risk Committee Charter



**AUDIT AND RISK
COMMITTEE CHARTER**

The Board of Directors (Board) of Roxas Holdings, Inc. (Company) hereby adopts this Charter of the Audit and Risk Committee (Committee).

Section 1. PURPOSE OF THE COMMITTEE

The Committee shall assist the Board in fulfilling its oversight responsibilities on the Company's:

- a. accounting, financial reporting, disclosure processes, and internal controls;
- b. compliance with legal and regulatory requirements;
- c. overall risk management system, framework, policies and profile; and
- d. internal and external auditors.

Section 2. COMMITTEE STRUCTURE

2.1 Composition

- a. The Committee shall consist of at least three (3) voting Directors who preferably have accounting and finance backgrounds, one (1) of whom must be an independent director and another with audit experience.
- b. The Board shall designate one (1) member of the Committee as its Chairman who shall be an independent director.
- c. The Board may appoint one (1) or more persons to serve as advisor(s) to the Committee (Advisor). Advisors shall have the right to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action of the Committee.

2.2 Term

The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board.

The Board shall take into account succession planning for the Chairman and other members of the Committee in the appointment of independent directors. It shall also ensure that there is an established training and succession plan that is regularly reviewed and updated.

2.3 Vacancy

Any vacancy in the Committee caused by the death, resignation, or disqualification of any member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

2.4 Qualifications and Disqualifications

The Chairman and the Members of the Committee shall possess all of the qualifications and have none of the disqualifications for membership in the Board as provided for in the By-Laws and the Revised Manual on Corporate Governance of the Company, the Corporation Code, the Securities Regulation Code, and other relevant laws. In addition, the Chairman or the Member of the Committee who is an independent director must meet the independence criteria under applicable law or regulation or as determined by the Board or the Nomination, Election and Governance Committee of the Company.

Each member shall be financially literate. The Chairman shall have accounting or related financial management expertise with a good understanding of the generally accepted accounting principles (GAAP). At least one (1) member of the Committee must be an audit committee financial expert or one who, through education and experience, has the following attributes as determined by the Board:

- (i) an understanding of the GAAP and financial statements;
- (ii) an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- (iii) experience in preparing or auditing or reviewing or analyzing financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience in actively supervising one or more persons engaged in such activities;
- (iv) an understanding of internal controls and procedures for financial reporting; and
- (v) an understanding of audit committee functions.

The person with the accounting or related financial management expertise and the audit committee financial expert may be one and the same person.

The Committee members shall have a practical understanding of the business of the Company or should have a previous business experience.

2.5 Training and Education

The members of the Committee shall attend seminars on corporate governance conducted by duly recognized private or government entities.

Section 3. POWERS, DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

3.1 The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to monitor the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.

- 3.2 The following shall be the principal powers, duties and responsibilities of the Committee. These matters are set forth as a guide with the understanding that the Committee may supplement them as appropriate:

3.2.1 General

- a. Develop and maintain free and open means of communication among the Board, the Company's external and internal auditors, chief risk officer, and management;
- b. Perform any other activities as the Committee deems appropriate, or as requested by the Board, consistent with this Charter, the Company's By-Laws and applicable law;
- c. Maintain and update, as appropriate, this Charter, which will be published on the Company's website; and
- d. Report regularly to the Board.

3.2.2 With Respect to Financial Reporting and System of Internal Controls

- a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b. Review the reports submitted by the internal and external auditors;
- c. Review the quarterly, half-year and annual financial statements before their submission to the Board and appropriate government and regulatory agencies, with particular focus on the following matters:
 - i. Any change/s in accounting policies and practices;
 - ii. Significant accounting and reporting issues, including complex or unusual transactions, related company transactions, subsequent events and major judgmental areas, and recent professional and regulatory pronouncements, and their impact on the financial statements;
 - iii. Significant adjustments resulting from the audit;
 - iv. Going concern assumptions;
 - v. Compliance with accounting standards;
 - vi. Completeness, consistency and accuracy of disclosures of material information; and
 - vii. Compliance with tax, legal and regulatory requirements.
- d. Review the management representation letter before submission to the external auditor. The Committee shall recognize that management is responsible for the financial statements.
- e. Review and assess, on a quarterly basis, the correspondence between the Company and regulators regarding financial statement filings and disclosures;

- f. Review and discuss with management any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting, and any fraud, whether or not material, involving management or other employees who have a significant role in the internal control over financial reporting, and take appropriate actions in a timely manner to address the same;
- g. Coordinate, monitor and facilitate compliance with laws, rules and regulations and communicate to the legal counsel any litigation, claim, contingency or other significant legal issue that impact on the financial statements;
- h. Provide supervision to management in the formulation of the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
 - i. The extent of the responsibility of management in the preparation of the financial statements of the Company with the corresponding delineation of the responsibilities that pertain to the external auditor shall be clearly explained;
 - ii. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all stockholders and other stakeholders shall be maintained;
 - iii. On the basis of the approved audit plans, internal audit examinations shall cover at the minimum the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules and regulations; and
 - iv. The Company shall consistently comply with the financial reporting requirements of the Securities and Exchange Commission (SEC).
- i. Monitor and evaluate the appropriateness of the policies addressing codes of conduct for the Board and employees, as set out in the Company's Code of Conduct;
- j. Monitor, evaluate, and discuss with internal and external audit the adequacy and effectiveness of the Company's internal control system, including the financial reporting control and information technology security, and any significant findings that have been reported to management including management's responses, and the progress of the related corrective action plans; and
- k. Formulate or review antifraud programs and controls implemented by management and discuss any identified or suspected fraud and illegal acts involving senior management and other employees.

3.2.3 With Respect to Risk Management

- a. Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from management of information on risk exposures and risk management activities.
- b. Discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- c. Review and discuss risk management-related reports and issues raised by management, internal and external auditors, legal counsel and regulators that impact the Company's risk management framework;
- d. Discuss the risks faced by the Company and those of its subsidiaries that may have potential impact on the Company's operations, and ensure that risk awareness culture is pervasive throughout the organization;
- e. Review with senior management the Company's overall antifraud programs and controls;
- f. Review the risk management infrastructure and culture to ensure that the relevant activities are aligned with the overall goals and strategies of the Company;
- g. Review and recommend to management the Company's levels of risk appetite and risk tolerance, and risk exposure allocation for approval by the Board;
- h. Review and discuss with management and the internal auditor and/or the external auditor and/or the chief risk officer:
 - i. the key policies and processes adopted by management with respect to risk identification, assessment and management, including risk of fraud;
 - ii. significant or major risk exposures, if any, and the plans or the steps taken or need to be taken by management to monitor and control such exposures;
 - iii. appropriateness of Business Continuity Plan and culture of risk-awareness implemented throughout the Company.
- i. Review the Company's risk profile on an ongoing basis and re-evaluate the likelihood of occurrence, severity of impact of risk exposures, and any mitigating measures affecting those risks;
- j. Ensure that the Enterprise Risk Management function of management is in place and operating effectively to identify, assess, monitor and manage risks;
- k. Appoint and evaluate the qualifications and performance of the chief risk officer at least annually;

- l. Establish and identify the reporting line of the chief risk officer to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Committee and administratively to the Chief Executive Officer of the Company.
- m. Discuss with the chief risk officer the Company's risk management structure, risk issues and mitigation strategies and its overall effectiveness;
- n. Review the results of the annual risk assessment done by the chief risk officer. The assessment shall include material financial and non-financial risks that impact on the Company and its subsidiaries and the corresponding measures in addressing such risks.
- o. Evaluate the risk assessment report submitted by the chief risk officer on a quarterly basis. The report shall include existing and emerging risks at the Company and its subsidiaries, and the related risk mitigation strategies and action plans of management.

3.2.4 With Respect to Internal Audit

- a. Perform oversight functions over the Company's internal auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- b. Review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it.
- c. Review the organization of the internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of his engagement and removal;
- d. Review and approve proposals to outsource any internal audit activities;
- e. Review and evaluate the qualifications and performance of the internal auditor at least annually;
- f. Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing;
- g. Review the reports prepared by the internal audit team;
- h. Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Committee and administratively to the Chief Executive Officer of the Company. It shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

- i. Conduct an annual review, and if deemed appropriate, cause an update, of the charter of the internal audit.

3.2.5 With Respect to External Audit

- a. Perform oversight functions over the Company's external auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
 - b. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
 - c. Review the reports submitted by the external auditor;
 - d. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company'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 Company's annual report.
 - e. Review and evaluate the independence, professional qualifications, competence and performance of the external auditor at least annually, and recommend to the Board the appointment or discharge of the external auditor;
 - f. Review and discuss key staffing and lead audit partner rotation plans;
 - g. Review and timely discuss with the external auditor its report on critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by management, and other material issues that would affect the audit and financial reporting;
 - h. Discuss and resolve disagreements between management and the external auditor regarding financial reporting; and
 - i. Obtain from the external auditor assurance that the audit was conducted in a manner consistent with certain procedures to be followed in any audit of financial statements required under the applicable rules of the relevant stock exchange, the SEC and other regulatory bodies.
- 3.3 The Chairman of the Committee shall issue certifications on critical compliance issues.

- 3.4 The findings and recommendations of the Committee shall be submitted to the Board for approval.
- 3.5 The Committee shall have the resources and authorities appropriate to discharge its responsibilities, including the authority to engage external auditors for special audits, reviews and other procedures and to retain and obtain advice from external counsel and other experts or consultants as it deems appropriate without need for Board approval.
- 3.6 The Chairman of the Committee and/or any of its Members shall meet separately with management, the internal auditor and/or external auditor and/or chief risk officer of the Company, to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any officer, executive or employee of the Company or the Company's outside counsel or the external auditor or third party consultants to attend a meeting of the Committee or to meet with any Member, advisor or consultant of the Committee.
- 3.7 As may be requested by the Committee, functional specialists within the Company shall provide technical support on subject matters relevant to the purposes of the Committee.
- 3.8 The Committee shall be guided by the Company's mission and vision in the fulfillment of its functions.

Section 4. COMMITTEE PROCEDURES

4.1 Meetings

- a. The Committee shall hold meetings at such times and places as it considers appropriate, but not less than quarterly.
- b. Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate or upon the request of a majority of the Members of the Committee.
- c. A Committee meeting shall be convened upon notice in writing at least three (3) days prior to the meeting and specifying the place, date and time of the meeting and the matters to be discussed at the meeting.
- d. Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members present in the meeting at which there is a quorum. A Member may consent to short notice and may waive notice of any meeting of the Committee and such waiver may be retrospective.
- e. Each Member/Advisor shall give to the Secretary of the Committee an address, an email address, and a facsimile number for the service of notices of meetings of the Committee.

- f. Notice of a meeting of the Committee shall be deemed to be duly served upon a Member/Advisor if it is given to him personally, or sent to him by mail or email or facsimile transmission, to his address, email address, or facsimile number, as appropriate, given by him to the Secretary of the Committee in accordance with the immediately preceding paragraph.
- g. The quorum for a meeting of the Committee shall be at least a majority of the Members present throughout the meeting.
- h. Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the Members present at such meeting.
- i. Each Member, including the Chairman of the Committee, shall have one (1) vote.
- j. In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.
- k. A resolution in writing signed by a majority of the Members of the Committee shall be as valid and effective for all purposes as a resolution of the Committee passed at a meeting of the Committee duly convened, held and constituted.
- l. Members and Advisors of the Committee may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.

4.2 Escalation

If the Committee decides to take any action to which any Member objects, such Member shall have the right, by notice in writing to the Chairman of the Committee within ten (10) days after such meeting, to require the Committee to reconsider its decision in a separate meeting. If, after such reconsideration, any Member objects to the action which the Committee has decided to take at the second Committee meeting, then said Member shall be entitled, by notice in writing to the Board (together with any relevant supporting materials) within ten (10) days from the date of the second Committee meeting, to require the particular matter to be considered and finally decided by the Board at its next scheduled meeting, the decision of which is final and binding. Any action proposed to be taken by the Committee which is the subject of the foregoing procedures shall be held in abeyance, and shall be deemed for all purposes not to have been taken, during the pendency of such procedures.

4.3 Minutes and Records

- a. The Corporate Secretary or the Assistant Corporate Secretary or his designated representative shall act as secretary for the meetings of the Committee. He shall prepare the minutes of meetings of the Committee and keep records of the Committee.

- b. The Committee shall cause records to be kept for the following:
 - i. appointments and resignations of the Members/Advisors;
 - ii. all agenda and other documents sent to the Members/Advisors; and
 - iii. minutes of proceedings and meetings of the Committee.
- c. Any such records shall be open for inspection by any Member/Advisor upon reasonable prior notice during usual office hours of the Company.
- d. Minutes of any meeting of the Committee, if signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings and resolutions of such meeting.

Section 5. REMUNERATION OF MEMBERS/ADVISORS

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board for such purposes. In the case of a Member who is an independent director, no fees or compensation shall be paid directly or indirectly to such Member or his firm for consultancy or advisory services rendered directly by the Member or indirectly through his firm even if such Member is not the actual service provider. However, this prohibition shall not apply to ordinary compensation paid to such Member or his firm in respect of any other supplier or other business relationship or transaction that the Board has determined to be at arm's length terms and immaterial for purposes of its basic Member's independence analysis.

Section 6. PERFORMANCE EVALUATION

The Committee shall undertake an annual assessment of its performance based, at the minimum, on the parameters prescribed by the SEC and on other relevant regulatory issuances. The results of the assessment shall be validated by the Company's compliance officer and reported to the Board (Refer to Exhibit 1: Performance Evaluation Rating for the rating scale.)

The Committee shall formulate a feedback mechanism to receive comments from management, internal and external auditors, chief risk officer, and general counsel, to facilitate dialogue within the organization about possible ways to improve its performance.

Based on its self-assessment and the comments received, the Committee shall formulate and implement plans to improve its performance. These shall include the identification of relevant training needs intended to keep the members up-to-date with corporate governance best practices, accounting and auditing standards, as well as specific areas of concern.

The entire assessment process shall be documented and shall form part of the records of the Company that may be examined by the SEC from time to time.

Section 7. EXTERNAL AUDITOR

- 7.1 After consultations with the Committee, the Board shall recommend to the stockholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Company and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.
- 7.2 The external auditor shall not at the same time provide internal audit services to the Company.
- 7.3 Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.
- 7.4 The external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company, shall be changed with the same frequency.
- 7.5 If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for, and the date of effectivity of, such action shall be reported in the Company's annual and current reports. The report shall include a discussion of any disagreement between him and the Company on accounting principles or practices, financial disclosures of audit procedures which the former auditor and the Company failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Company to the external auditor before its submission.
- 7.6 If the external auditor believes that any statement made in an annual report, information statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.
- 7.7 The external auditor shall report directly to the Committee. The Committee has the direct responsibility for the setting of compensation of the external auditor.

Section 8. INTERNAL AUDITOR

- 8.1 The Company shall have in place an independent internal audit function which shall be performed by an internal auditor or a group of internal auditors through which the Board, management and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and faithfully complied with.
- 8.2 The internal auditor shall submit to the Committee and the 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 Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and management. The internal auditor shall 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.

- 8.3 The internal auditor shall attend all Committee meetings, except when justifiable causes prevent him from doing so.

Section 9. CHIEF RISK OFFICER

9.1 The chief risk officer shall help the Committee identify various risks and exposures of the Company through periodic assessment and implementation of risk mitigation strategies and controls. He shall discuss with the Committee the risk management structure, risk issues and mitigation strategies and its overall effectiveness.

9.2 The chief risk officer shall perform an annual risk assessment and present the results thereof to the Committee. The assessment shall include material financial and non-financial risks that impact on the Company and its subsidiaries and the corresponding measures in addressing such risks.

9.3 The chief risk officer shall submit to the Committee, on a quarterly basis, a risk assessment report which shall include existing and emerging risks at the Company and its subsidiaries, and the related risk mitigation strategies and action plans of management.

9.4 The chief risk officer shall attend all Committee meetings, except when justifiable causes prevent him from doing so.

Section 10. AMENDMENT

The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board. This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

Section 10. EFFECTIVITY

This Charter shall take effect upon approval by the Board.

Exhibit 1: Performance Evaluation Rating

Rating	Description (As to compliance with the Audit and Risk Committee Charter)
1-2	Poor
3-4	Satisfactory
5-6	Very Satisfactory
7-8	Outstanding
9-10	Excellent

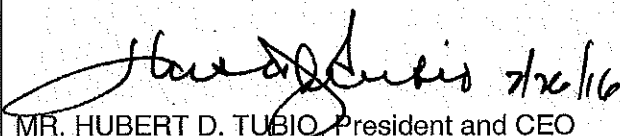
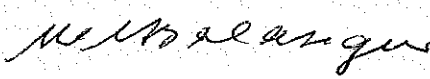
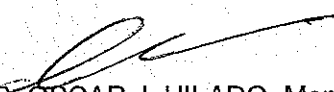
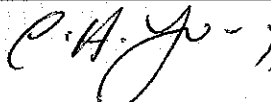
Annex E: Internal Audit Charter

ROXAS HOLDINGS, INC.
INTERNAL AUDIT GROUP CHARTER
Revision 3, March 7, 2016

Prepared by:

Paul Edwin V. Lazaro
AVP, Internal Audit

Approved by:

SENIOR MANAGEMENT	 MR. HUBERT D. TUBIO, President and CEO
	 MR. DAVID L. BALANGUE, Chairman
ROXAS HOLDINGS, INC. AUDIT COMMITTEE	 MR. OSCAR J. HILADO, Member
	 MR. CHRISTOPHER H. YOUNG, Member

I. Introduction

This Charter aims to formally define the **purpose, authority and responsibility** of the Internal Audit activity that is consistent with the *International Standards for the Professional Practice of Internal Auditing (ISPPA)*, and approved by the Senior Management and the Board.

II. Purpose of Internal Auditing

The Internal Audit function was established to provide an **independent, objective assurance and consulting activity** designed to **add value** and **improve** an organization's operations. It is expected to **help the organization accomplish its objectives** by bringing a systematic, disciplined approach to **evaluate and improve** the effectiveness of **risk management, control, and governance processes**.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system or other subject matter. The nature and scope of the assurance engagement are determined by the Internal Auditor in close coordination with members of management. There are generally three parties involved with the process, (1) the person or group directly involved with the process, system, or subject matter – **the process owner**, (2) the person or group making the assessment – **the Internal Auditor**, and (3) the person or group using the assessment – **the user**.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client (may be line or senior management). The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice – **the Internal Auditor**, and (2) the person or group seeking and receiving the advice – **the engagement client**. **When performing consulting services, the Internal Auditor should maintain objectivity and not assume operational nor management responsibility.**

The Internal Audit Group renders consulting services by serving on task forces to analyze operations and controls built into the systems, and make recommendations.

The Internal Audit Group supplies management at all levels with information to control the operations for which they are responsible. This objective shall be accomplished through the conduct of independent examination and evaluation of the adequacy and effectiveness of the systems of risk management, internal control, and governance processes established by the company to direct operations toward the accomplishment of objectives in accordance with its policies and plans. To this end, the auditing function is expected to furnish members of the organization with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and by promoting effective control at reasonable cost.

*

III. Authority

In carrying out their function, the Chief Audit Executive (CAE) have full and free access to the President and CEO of the company and to the Audit Committee as assigned by the Board of Directors. The CAE is authorized to have full and complete access to all the organization's functions, records (either manual or electronic), physical properties but with equivalent accountability for safekeeping and confidentiality. Documents and information given to the CAE during a periodic review will be handled in the same prudent manner as by those employees normally accountable for them. The CAE shall not use confidential information for any personal gain or in a manner, which would be detrimental to the welfare of the company.

The CAE is authorized to delegate duties, allocate resources, select subjects, determine scope of works and select required techniques to accomplish objectives. At the same time the CAE is also authorized to obtain necessary assistance of personnel in audited units and other specialized services within or outside the organization.

Organization refers to the group of companies under the umbrella of Roxas Holdings, Inc.(RHI).

IV. Responsibilities

The CAE and his/her Internal Auditors shall have no direct responsibilities or any authority over any of the activities or operations that they review. **The internal audit work of reviewing, reporting, and appraising established policies, plans, and procedures do not in any way relieve operations personnel of responsibilities assigned to them.** The Internal Audit function should not develop and install procedures, prepare records, or engage in any other activity, which would normally be reviewed by the function.

However, the Internal Audit function shall further the company's interest with comments and recommendations on loss-of-profit opportunities through non-compliance with authorized policies and practices, uneconomical use of resources, or inefficient methods of operations; protection of the company's assets from loss; investigation of suspected fraudulent activities; or for extensions, modifications, or additions to established policies, procedures and practices. The Internal Audit function shall also bring to the attention of senior management significant deficiencies noted in the existing policies and procedures.

Recommendations on standards of control to apply to a specific activity may be included in the written report of audit comments and recommendations, which is given to operating management for review and implementation and/or for advising the appropriate level of management of the risk it is accepting for non-implementation of the recommendations.

Internal Audit shall develop an Annual Audit Plan and present that plan to the Audit Committee for approval. It shall likewise submit to the Audit Committee and senior management an Annual Report on internal audit's activities and performance relative to the audit plan.

Noted control deficiencies shall be monitored by Internal Audit until action plan is completed as agreed in the Internal Audit report or as agreed with stakeholders if a more effective action plan becomes available.

V. Organizational Independence

The Internal Audit Group is under the office of the Audit Committee of the Board, which defines its responsibilities. The Chief Audit Executive shall functionally report to the Chairman of the Audit Committee and shall report to the President and CEO for administrative purposes.

The results of the reviews made by the auditors, the opinion which they form, and the recommendations which they make shall be communicated through a written report that shall be prepared and issued by the auditor subject to validation by Chief Audit Executive. The report shall include the action plans and commitment date to complete such action plans that will address the noted control deficiencies. The report shall be issued to the head of each operation reviewed or to the process owners with copies sent to other appropriate management personnel.

The members of the Audit Committee shall be given copies of the individual reports which will then be summarized and discussed during quarterly Audit Committee Meetings. The quarterly report will include significant audit findings indicating the major concerns raised, the recommendations provided, and the plan of action to be taken, or taken, by the auditee.

VI. Professional Standards

The Internal Audit staff shall follow the *Code of Ethics of the Institute of Internal Auditors* and shall comply with the *International Standards for the Professional Practice of Internal Auditing*.

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Annex F – Enterprise Risk Management Framework

ENTERPRISE RISK MANAGEMENT

The Board of Directors is tasked to oversee the risk management system of the Company through the Audit Committee, until such time as the Board sees the necessity to create a separate Board Risk Oversight Committee under its Manual of Corporate Governance.

Information on the Company's Risk Management system is reported on the Annual Corporate Governance Report submitted to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange.

Risks Relating to the Business

Non-availability or any disruption in the supply of raw materials may materially disrupt the Company's operations.

The Company sources its sugar cane and other relevant raw materials requirements primarily from planters in Batangas and Negros Occidental. Volume and quality are among the main considerations in the sources of such products. The risk of supply shortage, however, poses a threat to the continuity of the business operations of the Company.

For its bioethanol business, on the other hand, the Company sources its molasses requirements from CACI and other planters and traders in Negros Occidental. Based on the Biofuels Act of 2006, such feedstock may only be procured from locally-produced sources. The supply of locally-produced molasses however may not be enough to meet the demands of the market. The risk of shortage poses a risk to the Company's bioethanol operations.

To mitigate this risk, the Company ensures that it maintains good relationship with planters and traders. At the same time, the Company has adopted an aggressive strategy in sourcing cane and molasses, to ensure independence from any particular source of raw materials.

Cyclicity in the supply of raw materials may adversely affect or materially disrupt the Company's operations.

The milling season for sugar cane in Nasugbu, Batangas runs from December until May, while the milling season in Negros Occidental runs from September until March each year. Any material adverse change in the crop yield, availability of raw materials, and/or disruption in the milling and refining operations of the Company may pose a risk in its financial and business prospects. To address this risk, the Company ensures, to the extent possible, the consistency and timeliness of the supply of raw materials. The Company also implements cost reduction programs, such as but not limited to reducing plant downtime, lower fuel cost by using cheaper alternative sources, and improving plant facilities to enable efficient plant utilization.

Natural or other catastrophes, including severe weather conditions may materially disrupt the Company's operations.

The country has experienced a number of major natural catastrophes over the years, including typhoons, floods, volcanic eruptions, landslides, and earthquakes that may materially disrupt and adversely affect the Company's business operations. Moreover, weather and climate conditions, including its inherent volatility and the occurrence of extreme weather events due to global climate change, impacts the performance and management of the Company's operations and prospects.

The Company's expansion plans and capital expenditure outlays may not result profitably or achieve the expected benefits.

The strategic initiatives of the Company may include the expansion of its sugar milling and bioethanol facilities, development of a co-generation facility, or acquiring assets or businesses. These types of projects require substantial capital expenditures. There can be no assurance however that such projects will be completed on time and at the estimated cost, or at all. In addition, new projects involves a number of other risks, such as the diversion of the Company's attention from the existing business to integrating with the new project, possible adverse effects on the results of operations during the integration process, inability to achieve the intended objectives of the expansion or new project, and the potential unknown liabilities associated with the expansion or new project.

To address this risk, the Company seeks to adopt a business strategy that incorporates a conservative approach as to budget allocation and, at the same time, seeking competent and efficient contractors that can finish the projects on time and at the most reasonable cost.

The Company operates in a competitive market.

The market in which the Company operates is highly competitive and is served by a variety of established companies. Aside from domestic competition, the Philippines has historically had periods wherein there were significant imports of sugar from foreign-based producers. Another imminent risk is the gradual tariff reduction on imported sugar, which will go down to only 5%. This exposes the sugar industry as a whole to global competition. These, as a result, may cause the Company to lose market share, lower revenues, reduce its profit margins and adversely affect its operations and prospects.

To address this risk, the Company seeks to expand its business domestically and also strengthen its competitive position to adapt to the full implementation of the tariff reduction. It is the only sugar company that operates a refinery closest to Metro Manila and boasts of complementary production bases in Batangas and Negros Occidental which enable the Group to reach out to a wider network of customers all over the country and retain its top industrial clients despite stiff competition.

Continued compliance with environmental laws and regulations may adversely affect the results of operations and financial condition of the Company.

The Company's operations and products are subject to environmental laws, regulations and standards set forth by the government and various regulatory agencies, such as but not limited to, the SRA and the DOE, which may introduce new rules and policies or implement changes in the enforcement of existing laws and regulations, which in turn, could directly affect the 23 operations and profitability of the Company. These regulations empower such government authorities to impose penalties on non-compliant companies, including the standard monetary fines and penalties. There can be no assurance that the Company will at all times be in full compliance with the laws and regulations in respect of environmental protection. In addition, the promulgation of any new environmental laws or regulations which require the Company to acquire equipment or incur additional capital expenditure would inevitably increase costs and affect its profitability and prospects. Continued compliance, on the other hand, also entails additional costs for the Company.

To mitigate this risk, the Company adopts a strong compliance culture and maintains good relationship with key regulatory agencies and local government agencies.

The Company's business could be harmed by strikes or work stoppages by its employees.

If a strike or work stoppage were to occur in connection with negotiations of the Company's significant collective bargaining agreements, or as a result of disputes under its collective bargaining agreements with labor unions, the Company's business, financial condition and results of operations could be materially and adversely affected.

To mitigate this risk, the Company seeks to maintain a good relationship with its employees.

The Company may face financial risks with its investments.

The Company and its subsidiaries are exposed to a variety of financial risks in relation to financial instruments that it holds under its investment portfolio. The Company's risk management is coordinated with its Board of Directors and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The Company's financial investments are largely in the form of short-term time deposits.

The Company's reputation will be adversely affected if its products do not meet customers' requirements.

If any of the Company's customers or clients experience significant delays in supply, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers and clients. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To address this risk, the Company's overall business strategy is geared to deliver on time and with top quality its products to its clients. The Company also maintains a good feedback mechanism with its clients.

The Company's existing indebtedness could adversely affect its financial health and ability to withstand adverse developments and prevent the Company from declaring dividends.

The Company has a significant amount of indebtedness and substantial debt service obligations.

The Company's substantial indebtedness could have important consequences. For example, it may, among other things:

- require the Company to dedicate a substantial portion of its operating cash flow to making periodic principal and interest payments on indebtedness, thereby limiting the Company's ability to take advantage of business opportunities and placing the Company at a competitive disadvantage compared to competitors that have less debt;

- make it more difficult for the Company to satisfy its obligations with respect to indebtedness;

- restrict the Company's ability to declare dividends;
- require the Company to agree to additional financial covenants; and
- restrict the Company's ability to incur additional capital expenditures, except in pursuance of its sugar expansion and ethanol project.

Any of the above listed factors could materially and adversely affect the Company's results of operations, financial condition, and cash flow.

In order to mitigate this risk, the Company takes a prudent approach in its debt and capital structure. Moreover, it maintains a good relationship with various banks.

Annex G- Board Attendance

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Pedro E. Roxas	1982	5	5	
Vice-Chairman	Manuel V. Pangilinan	3 December 2013	5	3	
Member	Hubert D. Tubio	16 December 2015	5	5	
Member	Santiago R. Elizalde	26 January 2000	5	5	
Member	Christopher H. Young	13 May 2015	5	5	
Member	Ray C. Espinosa	3 December 2013	5	4	
Member	Alex Erlito S. Fider	3 December 2013	5	4	
Independent	Oscar J. Hilado	2 March 2016	5	4	
Independent	David L. Balangue	15 February 2012	5	5	

Annex H- IT Governance Processes

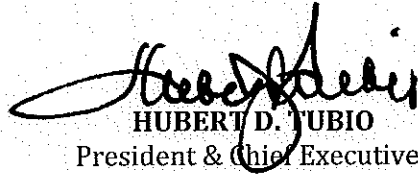
Risk Area	Mitigation/Prevention/Response
IT Issues	<p>IT has a ticketing system where users can report all IT related concerns. This ensures issues are logged, monitor and resolved.</p>
Service Disruption	<p>Redundancies are in place (and being put in place) to have alternative mode of operations should main infrastructure encounter problems. IT Support teams are always on standby to respond to emergencies to restore service to its ideal state. Active monitoring tools are also employed to send alarms/notifications in cases of threshold breaches. We are also subscribed to Microsoft Premiere Support for our ERP solution MS AX 2012.</p>
Cyber Security	<p>Firewalls and anti-virus solutions are in place to ensure cyber security. Third-parties are also being engaged for independent threat assessments and mitigation activities.</p>
Disaster Recovery	<p>Daily backups are being performed. Offsite DR site is being planned to be in place within CY 2018</p>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____, Philippines on _____ of May 2019.

SIGNATURES



PEDRO E. ROXAS
Chairman of the Board




HUBERT D. TUBIO
President & Chief Executive Officer



OSCAR J. HILADO
Independent Director

DAVID L. BALANGUE*
Independent Director



MA. HAZEL L. RABARA-RETARDO
Assistant Corporate Secretary
Deputy Compliance Officer

*Deceased

MAY 30 2019

SUBSCRIBED AND SWORN to before me this ____ day of May 2019, affiants exhibiting to me their government issued I.D. as follows:

NAME OF ISSUE	GOVT. ID	DATE OF ISSUE	PLACE
Pedro E. Roxas	Passport No. EC2368933	October 10, 2014	DFA Manila
Hubert D. Tubio	Driver's License No. FO1-79-009434		LTO Quezon City
Oscar J. Hilado	TIN No. 123-535-799		
Ma. Hazel L. Rabara-Retardo	TIN No. 214-216-562		

Doc. No. 31;
Page No. 08;
Book No. 11;
Series of 2019.

[Signature]
 ATTY. ROBERTO N. LUZ
 NOTARY PUBLIC
 Until December 31, 2019
 Appt. No. M-102, Makati City
 IBP #058192 for 2019 - RSM
 PTR #7328679, Jan 03, 2019-Makati
 S.C. Roll No. 50597
 MCLE Compliance No. V-0015439; 9 March 2016
 Unit 301 3rd Flr Campos Rueda Bldg.
 101 Urban Avenue, Brgy Plo del Pilar
 Makati City