

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2018**
2. SEC Identification Number **39121** 3. BIR Tax Identification No. **000-141-527-000**
4. Exact name of issuer as specified in its charter **PHILWEB CORPORATION**
5. **PHILIPPINES**  (SEC Use Only)  
Province, Country or other jurisdiction of incorporation or organization Industry Classification Code:
7. **41<sup>st</sup> Floor, One San Miguel Condominium, San Miguel Ave. cor. Shaw Boulevard, Ortigas Center, Pasig City** **1605**  
Address of principal office Postal Code
8. **(+632) 2365577**  
Issuer's telephone number, including area code
9. **The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City**  
Former name, former address, and former fiscal year, if changed since last report.

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

<b>COMPLIANT/ NON-COMPLIANT</b>		<b>ADDITIONAL INFORMATION</b>	<b>EXPLANATION</b>
<b>The Board's Governance Responsibilities</b>			
<p><b>Principle 1:</b> 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.</p>			
<b>Recommendation 1.1</b>			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the following:</p> <ol style="list-style-type: none"> <li>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors</li> <li>Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance</li> </ol>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	<p>Compliant</p>	<p>Gregorio Ma. Araneta III was elected Chairman of the Company in September 2016. He was elected Director of the Company in May 2014. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is the Chairman and President of Gregorio Araneta, Inc., ARAZA Resources Corporation, H. E. Heacocks Resources Corp., Gregorio Araneta Management Corporation, Gamma Properties Inc. and Carmel Development Inc. He is also the Chairman of Energy and Gas Holdings Inc. Mr. Araneta attended the University of San Francisco and the Ateneo de Manila University, where he received his degree in Bachelor of Arts in Economics.</p>	
<p>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.</p>	<p>Compliant</p>	<p>Dennis O. Valdes was elected Director of the Company in July 2006. He is the President of the Company, and serves as</p>	

Director of Alphaland Corporation and Atok-Big Wedge Co., Inc. His previous work experience includes ten years with the Inquirer Group of Companies, as a Director of the newspaper, and also expanding their internet, printing and ink-making operations. Prior to that, he spent six years with The NutraSweet Company developing their business in Asia. He is a Certified Public Accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines, and has an MBA from the Kellogg School of Management, Northwestern University.

Crisanto Roy B. Alcid was elected Director of the Company in April 2015. He is the President and Chief Operating Officer of Araneta Properties, Inc. while concurrently serving as Director and Executive Vice President of Gregorio Araneta, Inc., Carmel Development Corp., Gregorio Araneta Management Corporation, and Araza Resources Corporation. He is also a Director of Philippine Coastal Storage & Pipeline Corp. Before joining the Araneta Group, he was formerly connected with Ayala Land, Inc., Asiatrust Development Bank, and Citibank N.A. Mr. Alcid holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

Mario A. Oreta was elected Director of the Company in May 2016. He is also a former President and Vice-Chairman of Alphaland Development, Inc., Alphaland Balesin Island Resort Corporation, Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc., and Alphaland Property Management Corporation. He is also a Director of Atok-Big Wedge Co., Inc. Mr. Oreta graduated with honors from the Ateneo De Manila University

with a degree of Bachelor of Laws and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was also the founder and managing partner of Tanjuatco Oreta and Factoran Law Offices.

Rafael B. Ortigas was elected Director of the Company in April 2002. He is the Chairman and President of Leafar Commercial Corporation, a Director of Sagitro, Inc. and ISM Communications Corporation. He was a director of Itogon-Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Leafar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.

Luis M. Araneta was elected Director of the Company in September 2017. He is a Director and the Business Development Manager of Araneta Properties, Inc. He is the President of Estancias Holdings, Inc. and Cerros Corp. Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc., Director of PAGREL, Inc. He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. He studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

Philip S. Tuazon was elected Director of the Company in September 2017. He is currently a Director of the Philippine Ports Authority as Private Sector Representative, which position he also held in 1993 to 1999. Concurrently he is also a Director of JYT Investment and Vice President/Director of Fairwind Harbor

Services, Incorporated. He was formerly connected with New Filipino Maritime Agencies, Incorporated as Executive Vice President/Director and Director/President of Dolomite Mining Corporation. He was appointed as Administrator of Maritime Industry Authority (MARINA) where he served for almost seven years. He attended his collegiate years in Ateneo De Manila University, where he received his degree in Bachelor of Arts in Economics.

William M. Valtos, Jr. was elected Director of the Company in September 2017. He is the Group President for Financial Services of ICCP Group. He is the Vice Chairman and CEO of Investment & Capital Corporation of the Philippines and a Director of Fiducia Asset Management Pte. and the Senior Managing Director of ICCP SBI Venture Partners. He studied at the University of Illinois where he earned his degree in Bachelor of Arts in Economics and Political Science, and has an MBA from the Kellogg School of Management, Northwestern University.

Edgar N. Ang was elected Director of the Company in September 2017. He is the Chairman and President of both The Angcore Group of Companies and AB&T Resources, Inc., which are engaged in Automotive Distribution. He is also the President of Rubiken Trading Corporation a fertilizer-chemical company. Previously, he was the founder and managing director of Davao Cable World Network and Filipino Cable Corporation prior to its sale. He is also currently serving as Honorary Consul of the Republic of Korea to Davao City. He studied at the Ateneo de Manila University and Sophia University in Tokyo, graduating with Bachelor of Science degrees in Economics & Business Administration.

**Recommendation 1.2**

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

Compliant

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

Name	Position	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]
Gregorio Ma. Araneta III	Chairman	ED
Dennis O. Valdes	President	ED
Mario A. Oreta	Independent Director	ID
Rafael B. Ortigas	Independent Director	ID
Crisanto Roy B. Alcid	Vice Chairman/ Director	ED
Luis M. Araneta	Director	NED
William M. Valtos, Jr. Edgar N. Ang	Independent Director	ID
Philip S. Tuazon	Director	NED
Philip S. Tuazon	Independent Director	ID

**Recommendation 1.3**

1. Company provides in its Board

Compliant

Provide link or reference to the company's Board Charter and

<p>Charter and Manual on Corporate Governance a policy on training of directors.</p>		<p>Manual on Corporate Governance relating to its policy on training of directors.</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Compliant</p>	<p>Provide information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Compliant</p>	<p>The Company is continually seeking measures of improving its corporate governance to further enhance corporate performance and accountability. The Directors and Management have been encouraged to regularly attend corporate governance seminars and corporate governance consultants on methods by which it can enhance its corporate performance and accountability.</p> <p>Since its adoption, no deviation from the Company's Manual Code of Corporate Governance has been noted.</p> <p>The Corporate Secretary furnishes all directors a copy of the Company's Manual on Corporate Governance. He also reminds the directors to attend the seminar on corporate governance.</p> <p>On November 13, 2018, the Company's directors and officers attended a four hour seminar on corporate governance conducted by Bernaldo Directo &amp; Po Law Offices</p> <ol style="list-style-type: none"> <li>1. Understanding Financial Reports</li> <li>2. Ethical Conduct for Directors</li> <li>3. Director's Liability Cases</li> <li>4. Corporate Governance Updates.</li> </ol>	
<p><b>Recommendation 1.4</b></p>			
<p>1. Board has a policy on board</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p>	

diversity.		<p>Indicate gender composition of the board.</p> <p>All qualifications of the members of the Board are reviewed by the Corporate Governance Committee.</p> <p>Under the Company's Manual on the Corporate Governance Manual, the membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.</p> <p>There is no express rule requiring that the Board include at least one non-executive director. However, in practice, the Corporate Governance Committee ensures that there is at least one non-executive director who has experience in the sector or industry the company belongs to. All directors are male.</p>	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.		<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>	
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including	

<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>Compliant</p>	<p>his/her name, qualifications, duties and functions.</p>	
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p>	
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>Atty. Raymund S. Aquino was elected Corporate Secretary of the Company in September 2017. He was a director of SGV &amp; Co. He has a Juris Doctor Degree from the Ateneo de Manila University College of Law and a Bachelor of Arts degree major in Legal Management from the Ateneo de Manila University. He is a member of the Integrated Bar of the Philippines.</p> <p>The following are the duties and responsibilities of the Corporate Secretary:</p> <ol style="list-style-type: none"> <li>a. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;</li> <li>b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;</li> <li>c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;</li> <li>d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including</li> </ol>	

		<p>shareholders;</p> <p>e. Advises on the establishment of board committees and their terms of reference;</p> <p>f. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least one (1) day in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;</p> <p>g. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;</p> <p>h. Performs required administrative functions;</p> <p>i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and</p> <p>j. Performs such other duties and responsibilities as may be provided by the SEC.</p> <p>On November 13, 2018, Atty. Raymund S. Aquino attended a four hour seminar on corporate governance conducted by Bernaldo Directo &amp; Po Law Offices</p> <ol style="list-style-type: none"> <li>1. Understanding Financial Reports</li> <li>2. Ethical Conduct for Directors</li> <li>3. Director's Liability Cases</li> <li>4. Corporate Governance Updates.</li> </ol>	
<p><b>Optional: Recommendation 1.5</b></p> <ol style="list-style-type: none"> <li>1. Corporate Secretary distributes materials for board meetings at least five business days</li> </ol>			<p>Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting</p>

before scheduled meeting.			
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Mr. Edgar Brian K. Ng is the Company's Compliance Officer. He is a Senior Vice President of the Company.	
3. Compliance Officer is not a member of the board.	Compliant	<p>The following are the duties and responsibilities of the Compliance Officer:</p> <ul style="list-style-type: none"> <li>a. Ensure proper onboarding of new directors (i.e. orientation on the company's business, charter, articles of incorporation and by-laws, among others);</li> <li>b. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;</li> <li>c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;</li> <li>d. Ensures the integrity and accuracy of all documentary submission to regulators;</li> <li>e. Appears before the SEC when summoned in relation to compliance with this Code;</li> <li>f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;</li> <li>g. Identifies possible areas of compliance issues and works towards the resolution of the same;</li> </ul>	

		<p>h. Ensures the attendance of Board members and key officers to relevant trainings; and</p> <p>i. Performs such other duties and responsibilities as may be provided by the SEC.</p>	
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>Compliant</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>On November 13, 2018, Edgar Brian K. Ng attended a four hour seminar on corporate governance conducted by Bernaldo Directo &amp; Po Law Offices</p> <ol style="list-style-type: none"> <li>1. Understanding Financial Reports</li> <li>2. Ethical Conduct for Directors</li> <li>3. Director's Liability Cases</li> <li>4. Corporate Governance Updates.</li> </ol>	
<p><b>Principle 2:</b> 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.</p>			
<p><b>Recommendation 2.1</b></p>			
<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>Compliant</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>Identify key risks areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operations and financial viability.</p>	
<p><b>Recommendation 2.2</b></p>			

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>Compliant</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>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>Indicate frequency of review of business objectives and strategy</p> <p>Regular meetings are made between Management and the Board of Directors, to review and evaluate the Company's performance and address key policy matters. The Board is provided with timely and complete information for each meeting. Each director has direct access to the advice and services of management and the corporate secretary, and in appropriate circumstances, seek independent professional advice concerning the Company's affairs.</p> <p>All directors are briefed by Management on the Company's business operations as well as a regular tour of the Company's sites/operations.</p>	
<p><b>Supplement to Recommendation 2.2</b></p>			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</p> <p><b>Our Purpose</b> Empowering the personal gaming experience</p> <p><b>Brand Promises</b> Winning is a click away.</p> <p><b>Core Values</b> An organization can only run smoothly if each member shares the same set of values. PhilWeb selects people who embody four important values, and as PhilWeb employees, we are expected to exude these core values in every aspect of our</p>	

		<p>work.</p> <p><b>INTEGRITY</b> matters in everything that we do. We aim to exceed our <b>CUSTOMER'S EXPECTATIONS.</b> We relentlessly pursue <b>INNOVATION</b> and take pride in our work. We <b>GIVE BACK</b> to our stakeholders.</p> <p>Indicate frequency of review of the vision, mission and core values.</p> <p>Since its adoption in 2010, the vision, mission and values statements have been reviewed last 2016.</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>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the strategy execution process.</p> <p>The Board meets quarterly to periodically evaluate and monitor the implementation of the policies and strategies that was set for the year, including the business plans, operating budgets and Management's overall performance.</p> <p>The Management Committee develops the plan of actions to meet the annual target set by the Board and cascades the same to the different departments of the Company.</p> <p>The Management Committee then meets weekly wherein all operational requirements are discussed.</p> <p>The Executive Committee of the Board meets at least monthly to discuss and assess the operations of the Company.</p>	
<b>Recommendation 2.3</b>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p>	

		<p>Gregorio Ma. Araneta III was elected Chairman of the Company in September 2016. He was elected Director of the Company in May 2014. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is the Chairman and President of Gregorio Araneta, Inc., ARAZA Resources Corporation, H. E. Headcocks Resources Corp., Gregorio Araneta Management Corporation, Gamma Properties Inc. and Carmel Development Inc. He is also the Chairman of Energy and Gas Holdings Inc. Mr. Araneta attended the University of San Francisco and the Ateneo de Manila University, where he received his degree in Bachelor of Arts in Economics.</p>	
<b>Recommendation 2.4</b>			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	Compliant	<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>For all senior positions, including that of the CEO, there is a key deputy assigned who can take over whenever there is a vacancy.</p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	Compliant	<p>The Company has a retirement plan effective since 1 November 2014.</p>	
<b>Recommendation 2.5</b>			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	Compliant	<p>Provide information 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>2. Board adopts a policy specifying the relationship between remuneration and</p>	Compliant	<p>The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and</p>	

<p>performance.</p>		
<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>Compliant</p>	<p>competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.</p> <p>The Company will establish formal and transparent procedures for the development of a policy on director and executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the Company and based on performance. No director should participate in deciding on his remuneration.</p> <p>The Company's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.</p> <p>To protect the funds of the Company, the Commission may, in exceptional cases, e.g. when the Company is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.</p>
<p><b>Optional: Recommendation 2.5</b></p>		
<p>1. Board approves the remuneration of senior executives.</p>		<p>Provide proof of board approval</p>
<p>2. Company has measurable standards to align the performance-based remuneration of the executive</p>		<p>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.</p>

<p>directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>			
<p><b>Recommendation 2.6</b></p>			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>Compliant</p>	<p>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.</p>	
<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Provide proof if minority shareholders have a right to nominate candidates to the board</p>	
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>Compliant</p>	<p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p> <p>The Company has a Nomination Committee Charter. It is likewise provided in the Company's Manual on Corporate Governance that the Corporate Governance Committee shall now perform the functions formerly assigned to the Nominations Committee.</p>	
<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>Compliant</p>	<p>All directors are required to submit themselves for re-election every year. In consideration for their re-election, the corporate governance committee reviews and presents attendance and participation in meetings of the Company.</p>	
<p>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.</p>	<p>Compliant</p>	<p>Any shareholder can submit a nomination for election to the board to be submitted prior to the conduct of the stockholders' meeting. The Corporate Governance Committee evaluates then submits its recommendation to the shareholders for election.</p>	

<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>Compliant</p>	<p>It is provided in the Company's Manual on Corporate Governance that one of the functions of the Corporate Governance Committee is to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the following qualifications and disqualifications:</p> <p>Qualifications for membership to the Board of Directors:</p> <ol style="list-style-type: none"> <li>a. Holder of at least one (1) share of stock of the Company;</li> <li>b. He shall have at least a college education or equivalent academic degree;</li> <li>c. Practical understanding of the business of the Company;</li> <li>d. He shall be at least twenty one (21) years old;</li> <li>e. Membership in good standing in relevant industry, business or professional organizations; and</li> <li>f. Previous business experience.</li> </ol> <p>Additional Qualification for Independent Directors</p> <p>He shall, apart from his fees and shareholdings, be independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with this exercise of independent judgment in carrying out his responsibilities as a director of the Company. The Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall</p>
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		be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.	
<b>Optional: Recommendation 2.6</b>			
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.		Identify the professional search firm used or other external sources of candidates	
<b>Recommendation 2.7</b>			
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.	Compliant	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs  Identify transactions that were approved pursuant to the policy.  The Company has a Related Party Transactions Policy.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Transactions from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases and services are usually awarded on the basis of lowest cost provider.	

<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</p>	<p>All are disclosed to the stockholders in the Company's annual reports.</p> <p>Whenever applicable, the concerned director inhibits himself from voting on the approval/consideration of the transaction.</p> <p>All material information about the Company, which could adversely affect its viability or the interests of the stockholders, shall be publicly and timely disclosed. Such information shall include related party transactions, among others.</p> <p>It is the duty of the Board to formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board</p> <p>A director/officer should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director/officer, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director/officer who has a continuing material conflict of interest shall seriously consider resigning from his position.</p> <p>There are no related party transactions entered.</p>
<p><b>Supplement to Recommendation 2.7</b></p>		
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and</p>	<p>Compliant</p>	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p>

<p>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>Provide information on RPT categories</p> <p>Each director and officer shall promptly notify the Audit Committee of any potential Related Party Transactions involving the Company and a Related Party. The notice shall include a complete description of the Related Party Transaction including:</p> <ul style="list-style-type: none"> <li>- the name of the Related Party and the basis on which the person is a Related Person;</li> <li>- the Related Party's interest in the Related Party Transaction with the Company, including the Related Party's position(s) or relationship(s) with, or ownership in, a firm, corporation, or other entity that is a party to, or has an interest in, the Related Party Transaction;</li> <li>- the parties to the Related Party Transaction, and if the Company is not a party, then the nature of the Company's participation in the Related Party Transaction;</li> <li>- the approximate value or the amount involved in the Related Party Transaction;</li> <li>- the approximate value or the amount of the Related Party's interest in the Related Party Transaction, which shall be computed without regard to the amount of profit or loss;</li> <li>- the purpose and timing of the Related Party Transaction; and</li> <li>- any other information regarding the Related Party Transaction or the Related Party in the context of the transaction that could be material to investors in light of the circumstances of the particular transaction.</li> </ul>	
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<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>Compliant</p>	<p>Provide information on voting system, if any.</p> <p>Review, approval and disclosure of related party transactions are required to ensure that they are fair, on "arm's length" terms, and in the best interest of the Company and its shareholders, as a whole. Material related party transactions are reviewed by the Audit Committee, which is composed of the Chairman and two (2) members, all of whom are independent directors, and subject to the approval by the Board and, as applicable, the shareholders.</p>																			
<p><b>Recommendation 2.8</b></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>Compliant</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>The Company's By-laws and Manual on Corporate Governance provide that the Board of Directors is the one that shall elect the officers of the Company.</p> <p>Identify the Management team appointed</p> <table border="0" data-bbox="965 459 1300 1355"> <tr> <td>Chairman and CEO</td> <td>- Gregorio Ma. Araneta III</td> </tr> <tr> <td>Vice-Chairman</td> <td>- Crisanto Roy B. Alcid</td> </tr> <tr> <td>President</td> <td>- Dennis O. Valdes</td> </tr> <tr> <td>Treasurer and</td> <td></td> </tr> <tr> <td>Chief Finance Officer</td> <td>- Zaldy M. Prieto</td> </tr> <tr> <td>Corporate Secretary</td> <td>- Raymond S. Aquino</td> </tr> <tr> <td>Chief Risk Officer</td> <td>- Zaldy M. Prieto</td> </tr> <tr> <td>Chief Audit Executive</td> <td>- Rico T. Raymundo</td> </tr> <tr> <td>Compliance Officer</td> <td>- Edgar Brian K. Ng</td> </tr> </table>	Chairman and CEO	- Gregorio Ma. Araneta III	Vice-Chairman	- Crisanto Roy B. Alcid	President	- Dennis O. Valdes	Treasurer and		Chief Finance Officer	- Zaldy M. Prieto	Corporate Secretary	- Raymond S. Aquino	Chief Risk Officer	- Zaldy M. Prieto	Chief Audit Executive	- Rico T. Raymundo	Compliance Officer	- Edgar Brian K. Ng	
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<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO)</p>	<p>Compliant</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>and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>		<p>Provide information on the assessment process and indicate frequency of assessment of performance.</p> <p>It is provided in the Company's Manual on Corporate Governance that the Board of Directors shall:</p> <ul style="list-style-type: none"> <li>a. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Approve the selection and assessment of competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholder's value;</li> <li>b. Establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.</li> <li>c. Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.</li> </ul>	
<b>Recommendation 2.9</b>			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set</p>	Compliant	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	

<p>by the Board and Senior Management.</p>		<p>The Board of Directors and Management of the Company recognize that good corporate governance is key to achieving the Company's objective of maximizing shareholder value. The institution of the Code on Corporate Governance seeks to provide the process and structure by which the business and affairs of the Company are directed and managed, in order to enhance long-term shareholder value through the enhancement of corporate performance and accountability.</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>Compliant</p>	<p>Compliance with the Code of Corporate Governance is ensured by the Corporate Compliance Officer in coordination with the Chairman and President of the Company. Regular meetings are made between Management and the Board of Directors, to review and evaluate the Company's performance and address key policy matters. The Board is provided with timely and complete information for each meeting. Each director has direct access to the advice and services of management and the corporate secretary, and in appropriate circumstances, seek independent professional advice concerning the Company's affairs.</p> <p>The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p>	
<b>Recommendation 2.10</b>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>Compliant</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>2. The internal control system includes a mechanism for</p>	<p>Compliant</p>	<p>The control environment of the Company consists of (a) the Board which ensures that the Company is properly and</p>	

<p>monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>		<p>effectively managed and supervised; (b) the Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules and regulations, and contracts.</p> <p>The Board of Directors has reviewed the effectiveness of the internal control system. The Board finds that the system is effective and adequate.</p> <p>Internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system once a year.</p>
<p>3. Board approves the Internal Audit Charter.</p>	<p>Compliant</p>	<p>Provide reference or link to the company's Internal Audit Charter</p> <p>Internal Audit coverage includes all aspects of the company's activities in accordance with the Internal Audit Charter approved by the Audit Committee. The extent and frequency of internal audits will depend upon varying circumstances such as the results of previous audits, relative risk associated with activities, materiality, the adequacy of the system of internal controls and resources available at the Internal Audit Function.</p>
<p><b>Recommendation 2.11</b></p>		
<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively</p>	<p>Compliant</p>	<p>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.</p>

<p>Identify, monitor, assess and manage key business risks.</p> <p>1) 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.</p>	<p>Compliant</p>	<p>Provide proof of effectiveness of risk management strategies, if any.</p> <p>The main purpose of the Corporation's dealings in financial instruments is to fund its operations and capital expenditures.</p> <p>The Corporation's risk management policies are established to identify and analyze the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. All risks faced by the Corporation are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Corporation's operations and detriment forecasted results. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.</p>	
<b>Recommendation 2.12</b>			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	<p>Compliant</p>	<p>Provide link to the company's website where the Board Charter is disclosed.</p> <p>The Company's By-laws and Manual on Corporate Governance formalizes and clearly states the roles, responsibilities and accountabilities of the Board of Directors.</p>	
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>Compliant</p>	<p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> where the Company's By-laws and Manual on Corporate Governance are disclosed.</p>	
<p>3. Board Charter is publicly available and posted on the company's website.</p>	<p>Compliant</p>		

**Additional Recommendation to Principle 2**

<p>1. Board has a clear insider trading policy.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document showing company's insider trading policy.</p> <p>The Company has an Insider Trading Policy. The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> where such policy is posted.</p> <p>All of the Company's insiders (directors, officers, employees and the like as described above) are prohibited from trading (buying or selling) the Company's securities while in possession of material non-public information. Such persons are also prohibited from passing such material non-public information to any person who might use such information to trade in the Company's securities. These insiders must exercise utmost prudence in evaluating whether the non-public information they possess is material or not. Any doubt should be resolved in favor of treating such non-public information as material.</p> <ol style="list-style-type: none"> <li>1) Any insider who possesses any material non-public information may not trade in the Company's securities from the time he/she acquired such material non-public information and until two (2) full trading days after such information has been made public.</li> <li>2) A trading blackout shall be imposed upon the release of the quarterly or annual earnings of the Company and until two (2) full trading days thereafter. <ol style="list-style-type: none"> <li>a. The Compliance Officer may declare a special trading blackout from time to time as he/she may deem proper.</li> <li>b. The following persons may not trade in the Company's securities during a trading blackout: <ol style="list-style-type: none"> <li>i) Directors</li> <li>ii) Officers</li> <li>iii) Any employee, member of a director's, officer's or employee's immediate family or household who may have knowledge of the price sensitive information.</li> </ol> </li> </ol> </li> </ol>
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<b>Optional: Principle 2</b>	
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.	Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.
2. Company discloses the types of decision requiring board of directors' approval.	Indicate the types of decision requiring board of directors' approval and where there are disclosed.
<b>Principle 3:</b> 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.	
<b>Recommendation 3.1</b>	
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	<p>Provide information on or link/reference to a document containing information on all the board committees established by the company.</p> <p>The Board established the following committees:</p> <ol style="list-style-type: none"> <li>1. Corporate Governance Committee</li> <li>2. Audit Committee</li> <li>3. Executive Committee</li> <li>4. Stock Option Committee</li> </ol>
<b>Recommendation 3.2</b>	
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal	<p>Provide information on or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's</p>

<p>and external audit processes, and compliance with applicable laws and regulations.</p>	<p>external auditor.</p> <p>The audit committee first reviews the Company's audited financials, who then recommends approval from the board of directors before they are presented to the stockholders of the Company. It is also the audit committee which ensures independence and objectivity of the external auditors.</p> <p>As part of its oversight functions, the Audit Committee –</p> <ol style="list-style-type: none"> <li>a. Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</li> <li>b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</li> <li>c. Oversees the Internal Audit Department and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;</li> <li>d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and</li> </ol>	
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		<p>responsibilities. For this purpose, he should directly report to the Audit Committee;</p> <p>e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p> <p>h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Areas where a significant amount of judgment has been exercised</li> <li>• Significant adjustments resulting from the audit</li> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> </ul>
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		<ul style="list-style-type: none"> <li>• Compliance with tax, legal and regulatory requirements</li> </ul> <p>i. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>j. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders</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>	Compliant	<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> <table border="1" data-bbox="1125 492 1364 1344"> <thead> <tr> <th>Position</th> <th>Name</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Mario A. Oreta</td> <td>Independent Director</td> </tr> <tr> <td>Member</td> <td>Rafael B. Ortigas</td> <td>Independent Director</td> </tr> <tr> <td>Member</td> <td>William M. Valtos, Jr.</td> <td>Independent Director</td> </tr> </tbody> </table>	Position	Name	Type	Chairman	Mario A. Oreta	Independent Director	Member	Rafael B. Ortigas	Independent Director	Member	William M. Valtos, Jr.	Independent Director	
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Chairman	Mario A. Oreta	Independent Director													
Member	Rafael B. Ortigas	Independent Director													
Member	William M. Valtos, Jr.	Independent Director													
<p>3. All the members of the</p>	Compliant	<p>Provide information or link/reference to a document containing</p>													

<p>committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> <p>Mario A. Oreta was elected Director of the Company in May 2016. He is also a former President and Vice-Chairman of Alphaland Development, Inc., Alphaland Balesin Island Resort Corporation, Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc., and Alphaland Property Management Corporation. He is also a Director of Atok-Big Wedge Co., Inc. Mr. Oreta graduated with honors from the Ateneo De Manila University with a degree of Bachelor of Laws and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was also the founder and managing partner of Tanjuatco Oreta and Factoran Law Offices.</p> <p>Rafael B. Ortigas was elected Director of the Company in April 2002. He is the Chairman and President of Leafar Commercial Corporation, a Director of Sagitro, Inc. and ISM Communications Corporation. He was a director of Itogon-Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Leafar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.</p> <p>William M. Valtos, Jr. was elected Director of the Company in September 2017. He is the Group President for Financial Services of ICCP Group. He is the Vice Chairman and CEO of Investment &amp; Capital Corporation of the Philippines and a Director of Fiducia Asset Management Pte. and the Senior Managing Director of ICCP SBI Venture Partners. He studied at the University of Illinois where he earned his degree in Bachelor of</p>
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		Arts in Economics and Political Science, and has an MBA from the Kellogg School of Management, Northwestern University.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee  Mr. Mario A. Oreta is not the Chairman of the Board or of any other committee.	
<b>Supplement to Recommendation 3.2</b>			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.  One of the functions of the Audit Committee is to 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.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.  Prior to the commencement of the audit, the Audit Committee discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.  The Audit Committee holds a meeting with the external auditor before it approves the audited financial statements of a given year.	

Optional: Recommendation 3.2		
1. Audit Committee meet at least four times during the year.		Indicate the number of Audit Committee meetings during the year and provide proof
2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.
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.	Compliant	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p> <p>The Corporate Governance Committee shall assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to the Nomination and Remuneration Committees. It shall be composed of at least three (3) members, all of whom shall be independent directors, including the Chairman. One of the functions of this committee is to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors</p> <p>In addition to the above, the committee shall have the following duties and functions, among others:</p>

		<p>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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;</p> <p>f. Proposes and plans relevant trainings for the members of the Board;</p> <p>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</p> <p>h. Establishes a formal and transparent procedure to develop a</p>
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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.

i. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of Company officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.

j. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully.

k. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.

l. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

m. Disallow any director to decide his/her own remuneration.

n. Provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous business year and the ensuing year.

		<p>o. Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</p> <p>p. Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.</p>													
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	Compliant	<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> <table border="1" data-bbox="778 497 1029 1355"> <thead> <tr> <th>Position</th> <th>Name</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Rafael B. Ortigas</td> <td>Independent Director</td> </tr> <tr> <td>Member</td> <td>Philip S. Tuazon</td> <td>Independent Director</td> </tr> <tr> <td>Member</td> <td>William M. Valtos, Jr.</td> <td>Independent Director</td> </tr> </tbody> </table>	Position	Name	Type	Chairman	Rafael B. Ortigas	Independent Director	Member	Philip S. Tuazon	Independent Director	Member	William M. Valtos, Jr.	Independent Director	
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Member	Philip S. Tuazon	Independent Director													
Member	William M. Valtos, Jr.	Independent Director													
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	Compliant	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p> <p>Mr. Rafael B. Ortigas, the Chairman of the Corporate Governance Committee is an independent director.</p>													
<p><b>Optional: Recommendation 3.3</b></p>															
<p>1. Corporate Governance Committee meet at least</p>		<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p>													

<p>twice during the year. <b>Recommendation 3.4</b></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>Compliant</p> <p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p> <p>Since the Company does not have a Board Risk Oversight Committee, the Corporate Governance Committee shall perform the functions of said committee such as be responsible for the oversight of the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. Further, it shall have the following functions:</p> <ol style="list-style-type: none"> <li>a. Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;</li> <li>b. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. It shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;</li> <li>c. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. It shall revisit defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the</li> </ol>
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		<p>likelihood of harm or loss;</p> <p>d. Advise the Board on its risk appetite levels and risk tolerance limits;</p> <p>e. Review at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company;</p> <p>f. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;</p> <p>g. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management;</p> <p>h. Report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary;</p>
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<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Compliant</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> <table border="1" data-bbox="395 504 651 1350"> <thead> <tr> <th>Position</th> <th>Name</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Rafael B. Ortigas</td> <td>Independent Director</td> </tr> <tr> <td>Member</td> <td>Philip S. Tuazon</td> <td>Independent Director</td> </tr> <tr> <td>Member</td> <td>William M. Valtos, Jr.</td> <td>Independent Director</td> </tr> </tbody> </table>	Position	Name	Type	Chairman	Rafael B. Ortigas	Independent Director	Member	Philip S. Tuazon	Independent Director	Member	William M. Valtos, Jr.	Independent Director
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Member	Philip S. Tuazon	Independent Director												
Member	William M. Valtos, Jr.	Independent Director												
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p> <p>Mr. Rafael B. Ortigas is not the Chairman of the Board or of any other committee.</p>												
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</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>Rafael B. Ortigas was elected Director of the Company in April 2002. He is the Chairman and President of Learfar Commercial Corporation, a Director of Sagitro, Inc. and ISM Communications Corporation. He was a director of Itogon-Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Learfar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.</p> <p>Philip S. Tuazon was elected Director of the Company in September 2017. He is currently a Director of the Philippine Ports</p>												

		<p>Authority as Private Sector Representative, which position he also held in 1993 to 1999. Concurrently he is also a Director of JYT Investment and Vice President/Director of Fairwind Harbor Services, Incorporated. He was formerly connected with New Filipino Maritime Agencies, Incorporated as Executive Vice President/Director and Director/President of Dolomite Mining Corporation. He was appointed as Administrator of Maritime Industry Authority (MARINA) where he served for almost seven years. He attended his collegiate years in Ateneo De Manila University, where he received his degree in Bachelor of Arts in Economics.</p> <p>William M. Valtos, Jr. was elected Director of the Company in September 2017. He is the Group President for Financial Services of ICCP Group. He is the Vice Chairman and CEO of Investment &amp; Capital Corporation of the Philippines and a Director of Fiducia Asset Management Pte. and the Senior Managing Director of ICCP SBI Venture Partners. He studied at the University of Illinois where he earned his degree in Bachelor of Arts in Economics and Political Science, and has an MBA from the Kellogg School of Management, Northwestern University.</p>
<b>Recommendation 3.5</b>		
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	Compliant	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p> <p>Since the Company does not have a Related Party Transactions Committee, the Corporate Governance Committee shall perform the functions of said committee such as review all material related party transactions of the Company. Further, it shall have the following functions:</p> <p>a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all</p>

		<p>related parties are continuously identified, Related Party Transaction (RPT)s are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;</p> <p>b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:</p> <ol style="list-style-type: none"> <li>1. The related party's relationship to the company and interest in the transaction;</li> <li>2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;</li> <li>3. The benefits to the corporation of the proposed RPT;</li> <li>4. The availability of other sources of comparable products or services; and</li> <li>5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;</li> </ol> <p>c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of</p>
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		<p>interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;</p> <p>d. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;</p> <p>e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and</p> <p>f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.</p>												
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	Compliant	<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> <table border="1" data-bbox="981 492 1228 1355"> <thead> <tr> <th>Position</th> <th>Name</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Rafael B. Ortigas</td> <td>Independent Director</td> </tr> <tr> <td>Member</td> <td>Philip S. Tuazon</td> <td>Independent Director</td> </tr> <tr> <td>Member</td> <td>William M. Valtos, Jr.</td> <td>Independent Director</td> </tr> </tbody> </table>	Position	Name	Type	Chairman	Rafael B. Ortigas	Independent Director	Member	Philip S. Tuazon	Independent Director	Member	William M. Valtos, Jr.	Independent Director
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<b>Recommendation 3.6</b>														
<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes.</p>	Compliant	<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</p>												

<p>memberships, structures, operations, reporting process, resources and other relevant information.</p>		<p>performance evaluation purposes.</p> <p>There are Manual on Corporate Governance and policies on Related Part Transaction, Conflict of Interest, Whistle Blowing, Insider Trading, Code of Business Conduct and Ethics, Corporate Disclosure Policy and Risk Management Policy as well as the charters on Audit Committee, Nomination Committee, and Compensation Committee.</p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Compliant</p>		
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Compliant</p>	<p>Provide link to company's website where the Committee Charters are disclosed.</p> <p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> where the Committee Charters are disclosed.</p>	
<p><b>Principle 4:</b> 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><b>Recommendation 4.1</b></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>Compliant</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>Although the Company's By-laws allows participation in meetings thru conference call, all the directors who attended the meetings of the Board, committees and shareholders in 2018 were physically present.</p> <p>The Company follows the SEC Memorandum Circular No. 15,</p>	

		series of 2001 (Board Meeting Through Teleconferencing or Videoconferencing).	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	The Agenda Book is sent to the directors at least five (5) days before the scheduled meeting.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors  During meetings of the Board and Committees, the directors are fully engaged and asked management on any matter that they want clarification or answers.	
<b>Recommendation 4.2</b>			
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.	Compliant	Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.  Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies  Under the Manual on Corporate Governance of the Company, the Board of Directors may impose guidelines for the number of directorships held by its members. To date, the Board has elected not to fix a maximum. However, one of the considerations for each nominee for election to Board is his/her directorship in other companies to guide the Board in determining whether the nominee will have the time to perform his/her functions as a director of the Company.  The Company's Independent Directors submit annually their Certifications of Independent Director wherein they list all their directorships in other companies. The Company's Annual Report and Information Statement also provide the directorships held by the Company's directors.	

**Recommendation 4.3**

<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p> <p>The Company's Independent Directors submit annually their Certifications of Independent Director wherein they list all their directorships in other companies. The Company's Annual Report and Information Statement also provide the directorships held by the Company's directors. The directors regularly update these certifications and write-ups.</p>
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**Optional: Principle 4**

<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>		
<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>		
<p>3. Board of directors meet at least six times during the year.</p>		<p>Indicate the number of board meetings during the year and provide proof</p>
<p>4. Company requires as minimum quorum of at least 2/3 for board decisions.</p>		<p>Indicate the required minimum quorum for board decisions</p>
<p>5. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>		

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

**Recommendation 5.1**

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.

Compliant

Provide information or link/reference to a document containing information on the number of independent directors in the board

Name	Position
Mario A. Oreta	Independent Director
Rafael B. Ortigas	Independent Director
Philip S. Tuazon	Independent Director
William M. Valtos, Jr.	Independent Director

**Recommendation 5.2**

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.

Compliant

Provide information or link/reference to a document containing information on the qualifications of the independent directors.

All qualifications of the members of the Board are reviewed by the Corporate Governance Committee.

An independent director is a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Corporation.

An Independent Director refers to a person who:

- a. Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
- b. Is not, and has not been in the three years immediately preceding the election, a director of the Company; a

		<p>director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies;</p> <p>c. Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;</p> <p>d. Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;</p> <p>e. Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;</p> <p>f. Is not acting as a nominee or representative of any director of the covered company or any of its related companies;</p> <p>g. Is not a securities broker-dealer of listed companies and registered issuers of securities? "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the PSE, an associated person or salesman, and an authorized clerk of the broker or dealer;</p> <p>h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or</p>
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		<p>counsel of the Company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;</p> <p>i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;</p> <p>j. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and</p> <p>k. Is not employed as an executive officer of another company where any of the Company's executives serve as directors. Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.</p>
<b>Supplement to Recommendation 5.2</b>		
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	Compliant	<p>Provide link/reference to a document containing information that directors are not constrained to vote independently.</p> <p>One of the duties and responsibilities of a director is to exercise independent judgment.</p> <p>A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to</p>

	<p>take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Company.</p>																
<p><b>Recommendation 5.3</b></p>																	
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>Compliant</p> <p>Provide information or link/reference to a document showing the years IDs have served as such.</p> <p>The Company adheres to and adopts the term limits set down in SEC Memorandum Circular No. 9 Series of 2011.</p> <table border="1" data-bbox="582 504 1077 1355"> <thead> <tr> <th data-bbox="582 504 686 739">Name</th> <th data-bbox="582 739 686 1041">Date of Election</th> <th data-bbox="582 1041 686 1355">Cumulative Term</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 504 774 739">Mario A. Oreta</td> <td data-bbox="686 739 774 1041">27 September 2017</td> <td data-bbox="686 1041 774 1355">1 year and 3 months</td> </tr> <tr> <td data-bbox="774 504 861 739">Rafael B. Ortigas</td> <td data-bbox="774 739 861 1041">27 September 2017</td> <td data-bbox="774 1041 861 1355">1 year and 3 months</td> </tr> <tr> <td data-bbox="861 504 949 739">Philip S. Tuazon</td> <td data-bbox="861 739 949 1041">27 September 2017</td> <td data-bbox="861 1041 949 1355">1 year and 3 months</td> </tr> <tr> <td data-bbox="949 504 1077 739">William M. Valtos, Jr.</td> <td data-bbox="949 739 1077 1041">27 September 2017</td> <td data-bbox="949 1041 1077 1355">1 year and 3 months</td> </tr> </tbody> </table>	Name	Date of Election	Cumulative Term	Mario A. Oreta	27 September 2017	1 year and 3 months	Rafael B. Ortigas	27 September 2017	1 year and 3 months	Philip S. Tuazon	27 September 2017	1 year and 3 months	William M. Valtos, Jr.	27 September 2017	1 year and 3 months	
Name	Date of Election	Cumulative Term															
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William M. Valtos, Jr.	27 September 2017	1 year and 3 months															
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p> <p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p> <p>The Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent director.</p>																

<p>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.</p>	<p>Compliant</p>	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p> <p>In the instance that the Company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.</p>	
<p><b>Recommendation 5.4</b></p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Non-compliant</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p> <p>Mr. Gregorio Ma. Araneta III is the Company's Chairman of the Board and Chief Executive Officer.</p>	<p>It is provided in the Company's By-laws that the Chairman of the Board shall be the Chief Executive Officer.</p>
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</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>If the positions of Chairman and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.</p> <p>The duties and responsibilities of the Chairman in relation to the Board may include, among others, the following:</p> <p>a. Makes certain that meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;</p>	

		<ul style="list-style-type: none"> <li>b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;</li> <li>c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;</li> <li>d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;</li> <li>e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;</li> <li>f. Makes sure that performance of the Board is evaluated at least once a year and discussed/ followed up on;</li> <li>g. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chair may deem necessary.</li> <li>h. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and</li> <li>i. Maintain qualitative and timely lines of communication and information between the Board and Management.</li> </ul> <p>The CEO has the following roles and responsibilities, among others:</p>
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	<ul style="list-style-type: none"> <li>a. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;</li> <li>b. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;</li> <li>c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;</li> <li>d. Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;</li> <li>e. Directs, evaluates and guides the work of the key officers of the corporation;</li> <li>f. Manages the corporation's resources prudently and ensures a proper balance of the same;</li> <li>g. Provides the Board with timely information and interfaces between the Board and the employees;</li> <li>h. Builds the corporate culture and motivates the employees of the corporation; and</li> <li>i. Serves as the link between internal operations and external stakeholders.</li> </ul> <p><i>Identify the relationship of Chairman and CEO.</i></p> <p>The same person assumes the position of Chairman and Chief Executive Officer.</p>	
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<b>Recommendation 5.5</b>	
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant  Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.  The lead independent director is Mr. Rafael B. Ortigas.  Indicate if Chairman is independent.  The Chairman is not an independent director.
<b>Recommendation 5.6</b>	
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant  Provide proof of abstention, if this was the case  There is no such transaction.
<b>Recommendation 5.7</b>	
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.	Compliant  Provide proof and details of said meeting, if any.  Provide information on the frequency and attendees of meetings.  The Corporate Governance Committee and Audit Committee whose members are composed of independent directors hold such meetings twice a year – once before the start of the audit and another for the approval of the audited financial statements.
2. The meetings are chaired by the lead independent director.	Compliant
<b>Optional: Principle 5</b>	

1. None of the directors is a former CEO of the company in the past 2 years.		Provide name/s of company CEO for the past 2 years	
<b>Principle 6:</b> 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.			
<b>Recommendation 6.1</b>			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	
2. The Chairman conducts a self-assessment of his performance.	Compliant	The board in its last meeting held last 1 April 2019 asked its Chairman, members and committees to do self-assessments of their performances.	
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant	Identify the external facilitator and provide proof of use of an external facilitator.	
<b>Recommendation 6.2</b>			
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.	Compliant	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	

		Compliant	<p>The Corporate Governance Committee 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.</p> <p>It also 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.</p> <p>The stockholders, based on the reports provided to them, have the right to elect these directors.</p>
<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>			
<b>Recommendation 7.1</b>			
2.	The system allows for a feedback mechanism from the shareholders.	Compliant	<p>The Corporate Governance Committee 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.</p> <p>It also 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.</p> <p>The stockholders, based on the reports provided to them, have the right to elect these directors.</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.	Compliant	<p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p> <p>The Company has a Code of Business Conduct and Ethics that requires directors, officers, employees, and consultants to exercise sound judgment and to adhere to the code in their relationships among themselves, with customers, suppliers, business partners, competitors, government, regulators, creditors, stockholders and the general public.</p>
2.	The Code is properly disseminated to the Board, senior management and employees.	Compliant	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p> <p>The Company's Code of Business Conduct and Ethics has been disseminated to all executives, senior management and the employees.</p>

<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Compliant</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p> <p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> where the Code of Business Conduct and Ethics is posted.</p>
<p><b>Supplement to Recommendation 7.1</b></p>		
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>Compliant</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>The Company condemns any form of bribery and corruption.</p> <p>Employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other advantage from a third party, whether public or private nor must they accept any such advantage in return for any preferential treatment of a third party. Moreover, employees must refrain from any activity or behavior that could give rise to the appearance or suspicion of such conduct or the attempt thereof. Employees should be aware that the offering or giving of improper benefits in order to influence the decision of the recipient, even if he or she is not a government official, may not only entail disciplinary sanctions but also result in criminal charges. Improper benefits may consist of anything of value for the recipient, including employment or consultancy contracts for closely related parties.</p> <p>Employees shall not be influenced by receiving favors nor shall they try to improperly influence others by providing favors. Employees may only offer or accept reasonable meals and symbolic gifts which are appropriate under the circumstances, and they shall not accept or offer gifts, meals, or entertainment if such behavior could create the impression of improperly influencing the respective business relationship. When assessing</p>

		<p>the situation in light of the above, employees shall consult the policy applicable in their market. If no such policy is available, they shall apply the most restrictive local practice in order to avoid even the appearance of improper dealings. When in doubt, the employee shall seek guidance from his or her superior or the Legal Department.</p> <p>The Company restricts the solicitation or acceptance of gifts in any form from a third person or entity, directly or indirectly in consideration of any act, omission, or transaction of the Company favorable to such third person or entity with existing or intended business dealings with the Company.</p> <p>A "gift" may be a right or thing of value, like cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel and benefits.</p> <p>The restriction shall not apply to: a) a gift of nominal value voluntarily given by a third person or entity to a director, officer, or employee of our Company as a souvenir or out of courtesy; or (b) a gift given for charitable projects for the benefit of the poor or the general public.</p>	
<p><b>Recommendation 7.2</b></p> <p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p> <p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Compliant</p> <p>Compliant</p>	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p> <p>The Company implemented and monitored compliance of the Code of Business Conduct and Ethics through its dissemination to the directors and employees of the Company and regular</p>	

		assessments by the Human Resources Department.  The Code serves as a guide to directors, officers and employees of the Company and its affiliates and subsidiaries (including contractual employees, probationary employees, on-the-job trainees and consultants).	
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
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.	Compliant	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders  The Company has a Corporate Disclosure Policy and it is posted at the Company's website: <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> .	
<b>Supplement to Recommendation 8.1</b>			
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)	Compliant	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.  The Company files with the Securities and Exchange Commission and the Philippine Stock Exchange in its PSE Electronic Disclosure Technology (PSE EDGE) its Annual Report and Audited Financial Statements within ninety (90) days from the end of the fiscal year and its quarterly reports within forty-	

<p>days from the end of the reporting period.</p>		<p>five (45) days from the end of the reporting period. At the same time the Company files with the SEC the same notices and reports thru SEC Form 17-C.</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>Compliant</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> <li>1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders;</li> <li>2. cross-holdings among company affiliates; and</li> <li>3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.</li> </ol> <p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> where the Annual Report is posted.</p>	
<b>Recommendation 8.2</b>			
<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>Compliant</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>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>Compliant</p>	<p>The Company regularly reminds its directors to comply with the PSE Disclosure Rules in their dealings with Company shares within three business days. The Company regularly files with the SEC and PSE the Statement of Changes in Beneficial Ownership (SEC Form 23-B) for any such dealing by a director.</p>	
<b>Supplement to Recommendation 8.2</b>			

<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>Compliant</p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>The Company's Annual Report and Information Statement disclose the shareholdings of its directors and management. Every quarter, the Company discloses its list of shareholders with their shareholdings to the PSE and SEC.</p> <p>Provide link or reference to the company's Conglomerate Map.</p> <p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> where the Company's Conglomerate Map is posted.</p>
<p><b>Recommendation 8.3</b></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>Compliant</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>Gregorio Ma. Araneta III is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is the Chairman and President of Gregorio Araneta, Inc., ARAZA Resources Corporation, H. E. Heacocks Resources Corp., Gregorio Araneta Management Corporation, Gamma Properties Inc. and Carmel Development Inc. He is also the Chairman of Energy and Gas Holdings Inc. Mr. Araneta attended the University of San Francisco and the Ateneo de Manila University, where he received his degree in Bachelor of Arts in Economics.</p> <p>Dennis O. Valdes is a Director of Alphaland Corporation and Atok-Big Wedge Co., Inc. His previous work experience includes ten years with the Inquirer Group of Companies, as a Director of the newspaper, and also expanding their internet, printing and ink-making operations. Prior to that, he spent six years with</p>

The NutraSweet Company developing their business in Asia. He is a Certified Public Accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines, and has an MBA from the Kellogg School of Management, Northwestern University.

Crisanto Roy B. Alcid is the President and Chief Operating Officer of Araneta Properties, Inc. while concurrently serving as Director and Executive Vice President of Gregorio Araneta, Inc., Carmel Development Corp., Gregorio Araneta Management Corporation, and Araza Resources Corporation. He is also a Director of Philippine Coastal Storage & Pipeline Corp. Before joining the Araneta Group, he was formerly connected with Ayala Land, Inc., Asiatrust Development Bank, and Citibank N.A. Mr. Alcid holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

Mario A. Oreta is the former President and Vice-Chairman of Alphaland Development, Inc., Alphaland Balesin Island Resort Corporation, Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc., and Alphaland Property Management Corporation. He is also a Director of Atok-Big Wedge Co., Inc. Mr. Oreta graduated with honors from the Ateneo De Manila University with a degree of Bachelor of Laws and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was also the founder and managing partner of Tanjuatco Oreta and Factoran Law Offices.

Rafael B. Ortigas is the Chairman and President of Learfar Commercial Corporation, a Director of Sagitro, Inc. and ISM Communications Corporation. He was a director of Itogon-

Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Learfar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.

Luis M. Araneta is a Director and the Business Development Manager of Araneta Properties, Inc. He is the President of Estancias Holdings, Inc. and Cerros Corp, Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc., Director of PAGREL, Inc. He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. He studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

Philip S. Tuazon is currently a Director of the Philippine Ports Authority as Private Sector Representative, which position he also held in 1993 to 1999. Concurrently he is also a Director of JYT Investment and Vice President/Director of Fairwind Harbor Services, Incorporated. He was formerly connected with New Filipino Maritime Agencies, Incorporated as Executive Vice President/Director and Director/President of Dolomite Mining Corporation. He was appointed as Administrator of Maritime Industry Authority (MARINA) where he served for almost seven years. He attended his collegiate years in Ateneo De Manila University, where he received his degree in Bachelor of Arts in Economics.

William M. Valtos, Jr. is the Group President for Financial Services

of ICCP Group. He is the Vice Chairman and CEO of Investment & Capital Corporation of the Philippines and a Director of Fiducia Asset Management Pte. and the Senior Managing Director of ICCP SBI Venture Partners. He studied at the University of Illinois where he earned his degree in Bachelor of Arts in Economics and Political Science, and has an MBA from the Kellogg School of Management, Northwestern University.

Edgar N. Ang is the Chairman and President of both The Angcore Group of Companies and AB&T Resources, Inc., which are engaged in Automotive Distribution. He is also the President of Rubiken Trading Corporation a fertilizer-chemical company. Previously, he was the founder and managing director of Davao Cable World Network and Filipino Cable Corporation prior to its sale. He is also currently serving as Honorary Consul of the Republic of Korea to Davao City. He studied at the Ateneo de Manila University and Sophia University in Tokyo, graduating with Bachelor of Science degrees in Economics & Business Administration.

Araneta III, Gregorio Ma. (Chairman of the Board)

Direct	100
Indirect	784,695,474
Alicid, Crisanto Roy B. (Vice Chairman)	
Direct	100
Indirect	0
Valdes, Dennis O. (President)	
Direct	2,533,300
Indirect	21,223,565
Ang, Edgar N.	
Direct	50,000
Indirect	0
Ortigas, Rafael B. (Independent)	
Direct	1,200
Indirect	0
Araneta, Luis M.	

<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>Compliant</p>	<p>Direct Indirect Oreta, Mario A. (Independent) Direct Indirect Tuazon, Philip S. (Independent) Direct Indirect Valtos Jr., William M. (Independent) Direct Indirect</p> <p>100 0 1 0 371,500 0 100 0</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>Dennis O. Valdes is the President of the Company, and serves as Director of Alphaland Corporation and Atok-Big Wedge Co., Inc. His previous work experience includes ten years with the Inquirer Group of Companies, as a Director of the newspaper, and also expanding their internet, printing and ink-making operations. Prior to that, he spent six years with The NutraSweet Company developing their business in Asia. He is a Certified Public Accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines, and has an MBA from the Kellogg School of Management, Northwestern University.</p> <p>Edgar Brian K. Ng is currently the Senior Vice President for Gaming. In the past, he served as Managing Director/Country Manager of Affinity Express Philippines, Inc., Vice President &amp; Country Manager of RR Donnelley Global Outsourcing, Director for Operations of Office Tiger Philippines Corporation, and Director of Special Projects (Global Operations Support) for SPI. He also spent six years with The Print Town Group, starting as a Prepress Manager for FEP Printing Corp and ending as Senior Vice President of LexMedia Digital. Aside from the corporate</p>		

	<p>world, Mr. Ng has been heavily involved in the academe, as an instructor at both the undergraduate and graduate levels of Ateneo Universities. He has a Bachelor of Arts degree from the Ateneo de Manila University and an MBA from the Ateneo Graduate School of Business.</p> <p>Mona Liza Navarro is the VP for Information Technology of the Company. She has been an IT practitioner for over 17 years with experience in Software Development, Project Management and IT Operations. She has a degree of Bachelor of Science in Computer Science from the University of the Philippines. She is an ITIL certified professional and a Certified IT Manager.</p> <p>Zaldy M. Prieto is the CFO and Treasurer of the Company. Mr. Prieto is a certified public accountant and certified financial consultant. He has been practicing as a finance professional since 1995. His previous work experiences include being a senior tax consultant of SGV &amp; Co., assistant vice president for finance in Ford Motor Company and plant controller and assistant finance director of James Hardie Philippines. He has also served as a director of Primus Finance and Leasing Co., and Ford Philippines Component Manufacturing Company. He is a member of the Philippine Institute of Certified Public Accountants and Institute of Financial Consultants.</p> <p>Raymund Nonato S. Aquino is the Corporate Secretary and Vice President for Legal Services of the Company. He was a director of SGV &amp; Co. He has a Juris Doctor Degree from the Ateneo de Manila University College of Law and a Bachelor of Arts degree major in Legal Management from the Ateneo de Manila University. He is a member of the Integrated Bar of the Philippines.</p>	<p>Aquino, Raymund S. (Corporate Secretary/CIO) Direct</p> <p>114,866</p>
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		<p>Indirect</p> <p>Prieto, Zaidy M. (CFO/Treasurer) Direct Indirect</p> <p>Ng. Edgar Brian K. (SVP) Direct Indirect</p> <p>Navarro, Mona Liza I. (VP) Direct Indirect</p>	<p>0</p> <p>778,400 0</p> <p>151,500 0</p> <p>11,500 0</p>
<b>Recommendation 8.4</b>			
<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>Compliant</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p> <p>The Corporate Governance Committee has the following duties and functions:</p> <p>a. 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> <p>b. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of Company officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.</p> <p>c. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully.</p>	

<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>d. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.</p> <p>e. Disallow any director to decide his/her own remuneration.  <i>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</i></p> <p>The Corporate Governance Committee has the following duties and functions:</p> <p>a. 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> <p>b. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of Company officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.</p> <p>c. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully.</p> <p>d. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.</p>

		<p>e. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</p>																										
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p> <p>Compensation of Directors and Executive Officers</p> <p>The aggregate amount of compensation paid by the Company to all of its directors and management as a group for fiscal year 2018 was P34,068,000.00</p> <p>Annual Compensation of Five Most Highly-Paid Executives including the CEO</p> <table border="1"> <thead> <tr> <th>(a) Name and Principal Position</th> <th>(b) Year</th> <th>(c) Salary</th> <th>(d) Bonus</th> <th>(e) Other</th> </tr> </thead> <tbody> <tr> <td>1. Dennis O. Valdes President (elected in July 2006)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2. Brian K Ng Senior Vice President (effective January 2011)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3. Zaldy M. Prieto Senior Vice President &amp; CFO (effective November 2008)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4. Mona Liza I. Navarro</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	(a) Name and Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other	1. Dennis O. Valdes President (elected in July 2006)					2. Brian K Ng Senior Vice President (effective January 2011)					3. Zaldy M. Prieto Senior Vice President & CFO (effective November 2008)					4. Mona Liza I. Navarro					
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		<p>Vice President (effective March 2014)</p> <p>5. Raymund S. Aquino Corporate Secretary &amp; Vice President (elected September 2017)</p> <p>Aggregate Compensation of the CEO &amp; Five Most Highly-Paid Executives 2018 20,388,000 - 1,699,000</p> <p>All Officers and Directors as a Group Unnamed 2018 34,068,000 - 2,839,000</p> <p>There are no standard arrangements with regard to election, bonus, profit sharing, pension/retirement plan granting or extension of any option, warrant or right to purchase any securities. The Company has a stock option plan, which is administered by a stock options committee.</p>
<b>Recommendation 8.5</b>		
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	Compliant	<p>Disclose or provide reference/link to company's RPT policies</p> <p>The Company has a Related Party Transaction Policy. It is posted in the Company's website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a>.</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <p>There were no RPTs for the previous year.</p>
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	Compliant	<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"> <li>1. name of the related counterparty;</li> <li>2. relationship with the party;</li> <li>3. transaction date;</li> </ol>

		<p>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> <p>There were no RPTs for the previous year.</p>	
<b>Supplement to Recommendation 8.5</b>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflicts of interests.</p>	Compliant	<p>Indicate where and when directors disclose their interests in transactions or any other conflicts of interests.</p> <p>Each director and officer shall promptly notify the Audit Committee of any potential Related Party Transactions involving the Company and a Related Party. The notice shall include a complete description of the Related Party Transaction</p>	
<b>Optional: Recommendation 8.5</b>			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>		<p>Provide link or reference where this is disclosed, if any</p>	
<b>Recommendation 8.6</b>			
<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.</p>	Compliant	<p>Provide link or reference where this is disclosed</p> <p>The Company follows the Disclosure Rules of the Philippine Stock Exchange and discloses its notices and reports to the PSE Electronic Disclosure Technology (PSE EDGE). At the same time the Company files with the SEC the same notices and reports</p>	

<p>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>Non-compliant</p>	<p>thru SEC Form 17-C.</p> <p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p>	<p>Management believes that the transaction price on any acquisition of an asset is arrived at thru fair and arm's length negotiation with the seller and exercise of its sound discretion.</p>
<p><b>Supplement to Recommendation 8.6</b></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>Compliant</p>	<p>Provide link or reference where these are disclosed.</p> <p>The Company's Information Statement disclosed that there are no voting trust agreements or any other similar agreement that may result in a change in control of the Company of which the Company has any knowledge.</p>	
<p><b>Recommendation 8.7</b></p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>Provide link to the company's website where the Manual on Corporate Governance is posted.</p> <p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> where the Manual on Corporate Governance is posted.</p>	

2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Provide proof of submission. Any revision on the MCG is submitted to the SEC and PSE.	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			

f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
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.		Provide link or reference to where this is contained in the Annual Report	
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.		Provide link or reference to where this is contained in the Annual Report	
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.		Provide link or reference to where this is contained in the Annual Report	
5. The company discloses in the		Provide link or reference to where these are contained in the	

Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Annual Report	
<b>Principle 9:</b> 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.		
<b>Recommendation 9.1</b>		
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<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>The Audit Committee Charter provides that an external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.</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.	Compliant	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p> <p>Last 30 July 2018, stockholders owning 1,153,095,080 shares representing at least 80.31% of the capital stock ratified the appointment of the external auditor.</p>
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and	Compliant	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p>

<p>the public through the company website and required disclosures.</p>		<p>The Company did not change or remove its external auditor.</p>	
<b>Supplement to Recommendation 9.1</b>			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</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>The Audit Committee Charter provides that the Audit Committee shall ensure that the Company's external auditor shall be rotated or the engagement partner shall be changed every five (5) years or earlier.</p>	
<b>Recommendation 9.2</b>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	<p>Compliant</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>The Audit Committee Charter provides that the purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibility to the Company's shareholders in relation to:</p> <ul style="list-style-type: none"> <li>a. the integrity of the Company's financial statements and the financial reporting process;</li> <li>b. the Company's compliance with legal and regulatory audit requirements;</li> <li>c. the internal audit activity, systems and processes; and</li> <li>d. the external auditor's qualifications and independence from the Company.</li> </ul> <p>The Audit Committee Charter provides that the Audit Committee shall have the following functions and responsibilities:</p>	

		<p>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;</p> <p>b. 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. The Committee shall also promote risk awareness in the Company;</p> <p>c. Perform oversight functions over the Company's internal and 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 functions;</p> <p>d. 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 audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The Committee shall review and approve management's representation letter before submission to the external auditor;</p> <p>e. Review the reports submitted by the internal and external auditors;</p> <p>f. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:</p>
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		<ul style="list-style-type: none"> <li>i. Any changes in accounting policies and practices</li> <li>ii. Major judgmental areas</li> <li>iii. Significant adjustments resulting from audit</li> <li>iv. Going concern assumptions</li> <li>v. Compliance with accounting standards</li> <li>vi. Compliance with tax, legal and regulatory requirements</li> <li>vii. Unusual or complex transactions including all related party transactions</li> </ul> <p>g. Coordinate, monitor and facilitate compliance with laws, rules and regulations</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>	Compliant	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>The Audit Committee Charter provides that the Audit Committee shall have the authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:</p> <ul style="list-style-type: none"> <li>a. Oversee the work of the external auditor of the Company in the conduct of its annual audit.</li> <li>b. Resolve any disagreements between management and the external auditor regarding financial reporting.</li> <li>c. Pre-approve all auditing and permitted non-audit services performed by the Company's external auditor.</li> </ul>	
<b>Supplement to Recommendation 9.2</b>			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability</p>	Compliant	<p>Provide link/reference to the company's Audit Committee Charter</p>	

<p>to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>		<p>The Audit Committee Charter provides that the Audit Committee shall ensure that the external auditor is accredited by the Securities and Exchange Commission and whose accreditation is in good standing. The external auditor must also possess the independence defined by the Board of Accountancy and approved by the Professional Regulatory Commission. An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Committee.</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>The Audit Committee Charter provides that the Audit Committee shall ensure that the external auditor is accredited by the Securities and Exchange Commission and whose accreditation is in good standing. The external auditor must also possess the independence defined by the Board of Accountancy and approved by the Professional Regulatory Commission. An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Committee.</p>	
<p><b>Recommendation 9.3</b></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>Compliant</p>	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p> <p>The external auditor did not perform any non-audit services to the Company.</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>Compliant</p>	<p>Provide link or reference to guidelines or policies on non-audit services</p> <p>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.</p>
<p><b>Supplement to Recommendation 9.3</b></p>		
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>Provide information on audit and non-audit fees paid.</p> <p>The audit fees paid in 2018 amounts to P570,000.00. There were no non-audit fees paid to the external auditor.</p>
<p><b>Additional Recommendation to Principle 9</b></p>		
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> <li>1. Name of the audit engagement partner: Michelle R. Mendoza-Cruz</li> <li>2. Accreditation number: SEC Accreditation No. 1499-A Group A</li> <li>3. Date Accredited: 1 September 2015</li> <li>4. Expiry date of accreditation: 17 August 2021</li> <li>5. Name, address, contact number of the audit firm: Reyes Tacandang &amp; Co. Citibank Tower 8741 Paseo de Roxas, Makati City Phone No. 982-91006</li> </ol>
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection</p>	<p>Non-compliant</p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> <li>1. Date it was subjected to SOAR inspection, if subjected;</li> <li>2. Name of the Audit firm; and</li> <li>3. Members of the engagement team inspected by the</li> </ol> <p>The Company's external auditor is awaiting the schedule of the SOAR inspection</p>

Program conducted by the SEC's Office of the General Accountant (OGA).	SEC.	from the SEC.
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.		
<b>Recommendation 10.1</b>		
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.	Compliant	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.  The Company has a Corporate Disclosure Policy. It is found at the Company's website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> .
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Provide link to Sustainability Report, if any. Disclose the standards used.  The Company follows International Financial Reporting Standards in reporting financial and non-financial issues.
<b>Principle 11:</b> 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.		
<b>Recommendation 11.1</b>		
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.	Compliant	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.  The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> is constantly updated to timely disseminate information.

		<p>The Company also issues press releases.</p> <p>The Company complies with the quarterly and annual reports required by the SEC.</p> <p>The Company uses the PSE Electronic Disclosure Technology (PSE EDGE) to disseminate information to all stakeholders.</p>	
<b>Supplemental to Principle 11</b>			
1. Company has a website disclosing up-to-date information on the following:		<p>Provide link to company website</p> <p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a>.</p>	
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	Compliant	<p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a>.</p>	

**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.

<b>Recommendation 12.1</b>				
<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p> <p>List quality service programs for the internal audit functions.</p> <ol style="list-style-type: none"> <li>Internal audit reports regularly to the Audit Committee</li> <li>Conducts risk assessment annually</li> <li>Develops audit programs based on identified risk areas such as cash and bank reconciliations, collections and accounts receivable, and observance of approval limits for purchases and payments</li> </ol> <p>Indicate frequency of review of the internal control system</p> <p>The Board of Directors reviews the effectiveness of the internal control system once a year.</p>			
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</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"> <li>Company's risk management procedures and processes</li> <li>Key risks the company is currently facing</li> <li>How the company manages the key risks</li> </ol> <table border="1" data-bbox="1197 470 1428 1344"> <tr> <td data-bbox="1197 1120 1276 1344">Risk Exposure</td> <td data-bbox="1197 784 1276 1120">Risk Assessment (Monitoring and Measurement Process)</td> <td data-bbox="1197 470 1276 784">Risk Management and Control (Structures, Procedures, Actions Taken)</td> </tr> </table>	Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)		

		<p>Review and approve the company key risk policies on the establishment of risk limits.</p>	<p>The Management is religiously monitoring the compliance to PAGCOR requirements of significant limits, laws, rules and regulations.</p>	
Strategic	Operations	<p>Cases consider "suspicious" based on the risk alerts, unusual betting and or wagering play by the customers.</p>	<p>The company invested in the computer technology and hire competent people that will monitor and protect the company's system against any suspicious items.</p>	
	Hazard	<p>The company implements measures to ensure its full capacity once there will be there will be technology shutdown.</p>	<p>A recovery back up plan is being practiced for better maintenance and operations are implemented for the continuity of services and operations.</p>	

		<p><b>Knowledge Management</b></p> <p>The management decides on check and balance key roles or in order to maintain the knowledge flow of the company.</p>	<p>The company designates a compliance function to oversee any changes in regulatory environment.</p> <p>The compliance function monitors the content and information on the changes on risk and regulatory environment and communicate to the management on its impact</p>	
<p>Indicate frequency of review of the enterprise risk management framework.</p> <p>The Board of Directors reviews the effectiveness of the enterprise risk management framework once a year.</p>				
<p><b>Supplement to Recommendation 12.1</b></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</p>	<p>Compliant</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>One of the functions of the Audit Committee is to coordinate, monitor and facilitate compliance with laws, rules and regulations.</p>		

<p>initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>		<p>The Internal Auditor performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the Company.</p> <p>Indicate frequency of review.</p> <p>The Board of Directors reviews the effectiveness of the compliance program once a year.</p>	
<p><b>Optional: Recommendation 12.1</b></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>Provide information on IT governance process</p>	
<p><b>Recommendation 12.2</b></p>			
<p>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.</p>	<p>Compliant</p>	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p> <p>The internal audit is in-house.</p>	
<p><b>Recommendation 12.3</b></p>			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Compliant</p>	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p> <p>Mr. Rico T. Raymundo is the company's Chief Audit Executive</p>	

		(CAE). His responsibilities are the following:  <ol style="list-style-type: none"> <li>1. Reports directly to the Audit Committee</li> <li>2. Identify risk areas of the Company</li> <li>3. Develop audit programs based on identified risk areas</li> <li>4. Conducts internal audit</li> <li>5. Reports the results of internal audit to the Audit Committee</li> <li>6. May recommend process changes to improve internal control</li> </ol>	
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.	Compliant	The CAE oversees and is responsible for the internal audit activity of the Company.	
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.	Compliant	Identify qualified independent executive or senior management personnel, if applicable.  Since the internal audit activity is not outsourced, then there is no need for such qualified independent executive or senior management personnel.	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function.  a. Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies.	

processes and measures:

- b. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. It shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. It shall revisit defined risk management strategies, look for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- d. Advise the Board on its risk appetite levels and risk tolerance limits;
- e. Review at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company;
- f. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
- g. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk

		<p>exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management;</p> <p>h. Report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.</p>	
<b>Supplement to Recommendation 12.4</b>			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	Compliant	<p>Identify source of external technical support, if any.</p> <p>The Company's external auditor conducts risk assessment of the business prior to the start of actual external audit. Such assessment is the basis of how extensive the audit process will be conducted.</p>	
<b>Recommendation 12.5</b>			
<p>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).</p>	Compliant	<p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p> <p>Mr. Zaldy M. Prieto is the Company's Chief Risk Officer.</p> <p>His responsibilities are mainly the following:</p> <ol style="list-style-type: none"> <li>1. Identify material risk areas of the business</li> <li>2. Inform management and the Board of these risk areas</li> <li>3. Recommends solutions to manage or reduce these risk areas</li> <li>4. Implement courses of actions in coordination with other departments of the Company</li> </ol>	
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	Compliant	<p>The CRO is the SVP, Treasurer and Chief Finance Officer of the Company.</p>	

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.	<p>Compliant</p> <p>Provide link to CEO and CAE's attestation</p> <p>The attestation is posted in the Company's website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a>.</p>
Cultivating a Synergic Relationship with Shareholders	
<b>Principle 13:</b> 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.	<p>Compliant</p> <p>Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.</p> <p>The Manual on Corporate Governance provides for the basic shareholder rights. It specifically states that the Board shall be committed to respect the rights of the stockholders.</p> <p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> where the Manual on Corporate Governance is posted.</p>
2. Board ensures that basic shareholder rights are disclosed on the company's website.	<p>Compliant</p> <p>Provide link to company's website</p> <p>The Company's website is <a href="http://www.philweb.com.ph">www.philweb.com.ph</a>.</p>
Supplement to Recommendation 13.1	
1. Company's common share has one vote for one share.	<p>Compliant</p> <p>One share is equivalent to one vote.</p>

<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>Compliant</p>	<p>Provide information on all classes of shares, including their voting rights if any.</p> <p>The Company only has one class of shares: common share.</p>					
<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p> <table border="1" data-bbox="478 481 1260 1254"> <thead> <tr> <th data-bbox="478 1052 582 1254">System Used</th> <th data-bbox="478 481 582 1052">Cumulative system</th> </tr> </thead> <tbody> <tr> <td data-bbox="582 1052 1260 1254"><b>Description</b></td> <td data-bbox="582 481 1260 1052"> <p>Every stockholder entitled is entitled to one vote. However, with respect to the election of directors, the stockholders 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, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the number of directors to be elected.</p> </td> </tr> </tbody> </table>	System Used	Cumulative system	<b>Description</b>	<p>Every stockholder entitled is entitled to one vote. However, with respect to the election of directors, the stockholders 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, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the number of directors to be elected.</p>	
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<b>Description</b>	<p>Every stockholder entitled is entitled to one vote. However, with respect to the election of directors, the stockholders 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, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the number of directors to be elected.</p>						
<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to</p>	<p>Compliant</p>	<p>Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.</p> <p>It is provided in the Company's Manual on Corporate</p>					

<p>protect minority shareholders against actions of controlling shareholders.</p>		<p>Governance that Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Cumulative voting shall be used in the election of directors. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.</p>	
<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.</p>	<p>Compliant</p>	<p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p> <p>It is provided in the Company's Manual on Corporate Governance that the minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".</p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p> <p>It is provided in the Company's Manual on Corporate Governance that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.</p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p>Shareholders shall have the right to receive dividends subject to the Company's dividend policy.</p>	

		<p>The Company's future retained earnings corresponding to undistributed equity in net earnings are not available for dividend distribution until declared by the affiliates. There are no restrictions on the Company that limit the payment of dividends on common shares.</p> <p>The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite Company expansion projects or programs approved by the Board or b) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies as required by regulatory bodies.</p> <p><i>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</i></p> <p>PhilWeb declared a cash dividend of P0.10 per share which was paid on September 15, 2014 to the holders of common stock as of September 1, 2014. PhilWeb declared a cash dividend of P0.10 per share which was paid on December 5, 2014 to the holders of common stock as of November 21, 2014. PhilWeb declared a cash dividend of P0.15 per share which was paid on February 16, 2015 to the holders of common stock as of January 30, 2015. PhilWeb declared a cash dividend of P0.15 per share which was paid on May 21, 2015 to the holders of</p>
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		<p>common stock as of May 7, 2015. PhilWeb declared a cash dividend of P0.15 per share which was paid on August 28, 2015 to the holders of common stock as of August 14, 2015. PhilWeb declared a cash dividend of P0.15 per share which was paid on November 26, 2015 to the holders of common stock as of November 12, 2015. PhilWeb declared a cash dividend of P0.20 per share which was paid on March 4, 2016 to the holders of common stock as of February 19, 2016. PhilWeb declared a cash dividend of P0.20 per share which was paid on June 24, 2016 to the holders of common stock as of June 14, 2016.</p>
<b>Optional: Recommendation 13.1</b>		
<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>		<p>Identify the independent party that counted/validated the votes at the ASM, if any.</p>
<b>Recommendation 13.2</b>		
<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>Compliant</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>The notice and agenda were sent on 4 June 2018. The Annual Stockholders' Meeting was held on 30 July 2018.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>No.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p> <p>This is provided in the Notice which can be found in the</p>

			Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> .
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			Provide link or reference to the company's notice of Annual Shareholders' Meeting
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant		This is provided in the Information Statement which can be found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> .
b. Auditors seeking appointment/re-appointment	Compliant		This is provided in the Notice which can be found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> .
c. Proxy documents	Compliant		This is provided in the Notice which can be found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> .
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting			Provide link or reference to the rationale for the agenda items
<b>Recommendation 13.3</b>			
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	Compliant		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.  The minutes of the meetings can be found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> .

<p>day.</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>Compliant</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>The minutes of the meetings can be found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a>.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>The minutes of the meetings can be found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a>.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Voting on resolutions was by show of hands.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p> <p>Shareholders were given opportunity to ask questions. During the meeting, the Chairman informs the stockholders at the onset that there will be an open forum at the later part of the meeting wherein they can raise any matter they want with the Board or to the body.</p>
<p>Supplement to Recommendation 13.3</p>		
<p>Board ensures the attendance of the external auditor and other relevant individuals to answer shareholder questions during the ASM and SSM.</p>	<p>Compliant</p>	<p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p> <p>The external auditor and management were present during the ASM to answer shareholder questions.</p>

<b>Recommendation 13.4</b>	
<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>Compliant</p> <p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</p> <p>It is provided in the Manual on Corporate Governance that one of the functions of the board of directors is to establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and between the Company and third parties, including regulatory authorities. Thus, the shareholder can request for any of the alternative dispute mechanisms he chooses.</p>
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>Compliant</p> <p>Provide link/reference to where it is found in the Manual on Corporate Governance</p> <p>It is provided in the Manual on Corporate Governance that one of the functions of the board of directors is to establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and between the Company and third parties, including regulatory authorities.</p>
<b>Recommendation 13.5</b>	
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>Compliant</p> <p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> <li>1. Name of the person: Raymund S. Aquino</li> <li>2. Telephone number: 845-4171</li> <li>3. Fax number: 845-4171</li> <li>4. E-mail address: rsaquino@philweb.com.ph</li> </ol>
<p>2. IRO is present at every</p>	<p>Compliant</p> <p>Indicate if the IRO was present during the ASM.</p>

shareholder's meeting.			The IRO was present during the ASM.	
<b>Supplemental Recommendations to Principle 13</b>				
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant		Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.  The Company does not have any anti-takeover measures.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-compliant		Indicate the company's public float.  25.73%	This is more than the minimum 20% public float required by the Securities and Exchange Commission.
<b>Optional: Principle 13</b>				
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			Disclose the process and procedure for secure electronic voting in absentia, if any.	
<b>Duties to Stakeholders</b>				
<b>Principle 14:</b> 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.	
<b>Recommendation 14.1</b>	
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant  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.  Every quarter, the Company files with the Securities and Exchange Commission and the Philippine Stock Exchange in its PSE Electronic Disclosure Technology (PSE EDGE) its list of stockholders.
<b>Recommendation 14.2</b>	
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant  Identify policies and programs for the protection and fair treatment of company's stakeholders  The Manual on Corporate Governance provides for the means within which the rights of shareholders are protected. It is found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> .
<b>Recommendation 14.3</b>	
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.	Compliant  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.  1. Name of the person: Raymund S. Aquino 2. Telephone number: 845-4171 3. Fax number: 845-4171 4. E-mail address: <a href="mailto:rsaquino@philweb.com.ph">rsaquino@philweb.com.ph</a>  Provide information on whistleblowing policy, practices and

		<p>procedures for stakeholders</p> <p>The Company has a Whistle Blowing Policy which refers to the disclosure by covered employees who have personal knowledge of fraud, misappropriations, discrimination, sexual harassment and other wrongful conduct or illegal acts committed by employees at the Company. It is found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a>.</p>	
<b>Supplement to Recommendation 14.3</b>			
<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>	Compliant	<p>Provide information on the alternative dispute resolution system established by the company.</p> <p>It is provided in the Manual on Corporate Governance that one of the functions of the board of directors is to establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and between the Company and third parties, including regulatory authorities.</p>	
<b>Additional Recommendations to Principle 14</b>			
<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>	Compliant	<p>Disclose any requests for exemption by the company and the reason for the request.</p> <p>The Company does not seek any exemption from the application of a law, rule or regulation.</p>	

2. Company respects intellectual property rights.	Compliant	Provide specific instances, if any.  The Company in its dealings with its vendors and clients makes sure that in the contracts that both parties acknowledge the intellectual property rights of each other.
<b>Optional: Principle 14</b>		
1. Company discloses its policies and practices that address customers' welfare		Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.
2. Company discloses its policies and practices that address supplier/contractor selection procedures		Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.
<b>Principle 15:</b> 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.		
<b>Recommendation 15.1</b>		
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.	Compliant	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.  The Company regularly holds general assemblies and other means of communication are undertaken to get the workforce pulse regarding company goals and governance.
<b>Supplement to Recommendation 15.1</b>		
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial	Compliant	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.

<p>measures.</p>		
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>The Company has a Stock Option Plan.</p> <p>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</p> <p>The Company has a Health, Security and Welfare Policy. It is found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a>.</p> <p>Regular employees are enrolled in an HMO and a life and accident insurance plan, with the premiums paid by the Company. Regular employees are also given an annual physical exam and invited to participate in health seminars conducted by the HMO provider. In excess of the maximum benefit limit, the Company extends a guaranteed limit to cover health costs that are otherwise not covered or cannot be covered by the health insurance provider. Regular security checks are also conducted, as well as annual fire and earthquake drills. Regular inspection of physical facilities as well as installation of sprinklers, fire extinguishers with clear access to fire exits are provided. Biometric access to doorways are implemented to increase security. Regular notices relating to safety and building admin issues are circulated by email to employees.</p>
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>Disclose and provide information on policies and practices on training and development of employees.</p> <p>Include information on any training conducted or attended.</p> <p>The Company has an in-house Management Training Program that has been running since 2010. It is a year-long rotational program where top graduates are assigned to different departments and trained to be the future leaders of PhilWeb Corporation. At least 40 young people have graduated from</p>

		the program and 20 have leadership roles in the Company here and abroad. Other training and development programs offered on Management, Graphics, Human Resources and Information Technology are conducted outside.	
<b>Recommendation 15.2</b>			
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.	Compliant	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption  The Company has a Code of Business Conduct and Ethics. It is found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> .	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Identify how the board disseminated the policy and program to employees across the organization  The Code of Business Conduct and Ethics is found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> . It is also circulated by email to employees.	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	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.  The Company has a Code of Business Conduct and Ethics. It is found in the Company website at <a href="http://www.philweb.com.ph">www.philweb.com.ph</a> . Any violation may not only entail disciplinary sanctions but also result in criminal charges.	
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing	Compliant	Disclose or provide link/reference to the company whistleblowing policy and procedure for employees.	

that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation

The Company has a Whistle-Blowing Policy. It is found in the Company website at [www.philweb.com.ph](http://www.philweb.com.ph).

Indicate if the framework includes procedures to protect the employees from retaliation.

Allegations of wrongful conduct will be taken seriously, and an investigation will be conducted under the direction of the Human Resources Department. Reports will be kept confidential to the greatest extent possible, consistent with the need to conduct an investigation. The identity of the individual making the allegation will be kept confidential so long as it does not hinder or frustrate any investigation. However, the investigation process may reveal the source of the information and the individual making the disclosure may need to provide a statement as part of the evidence required.

No employee, who in good faith reports a violation, will suffer harassment or retaliation or bullying. The Company will not tolerate any harassment or victimization in whatever form or manner of a whistleblower and will treat this as a serious disciplinary offense, which will be dealt with under the Company's existing disciplinary rules and regulations.

Provide contact details to report any illegal or unethical behavior.

The Company shall designate a dedicated e-mail address for employees to freely communicate any fraud, misappropriations, discrimination, sexual harassment and other wrongful conduct committed by employees while working at the Company. Employees can report anonymously, if desired, on the said e-mail. This reporting mechanism is in addition to the existing system of reporting to a supervisor, a manager at a higher level,

		or the Office of the President, or others as specified in the individual policies.	
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.	Compliant	The Company shall designate a dedicated e-mail address for employees to freely communicate any fraud, misappropriations, discrimination, sexual harassment and other wrongful conduct committed by employees while working at the Company. Employees can report anonymously, if desired, on the said e-mail. This reporting mechanism is in addition to the existing system of reporting to a supervisor, a manager at a higher level, or the Office of the President, or others as specified in the individual policies.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.  The Board has the ability and power to amend at anytime the Whistle-Blowing Policy.	
<b>Principle 16:</b> 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.			
<b>Recommendation 16.1</b>			
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.	Compliant	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.  The Company shares its resources and propagates its advocacy to bring computer literacy and education to the less privileged of society even to the farthest and remote areas. Consistent with the government's endeavor of inclusive growth, the donation does not only end in the delivery of the hardware but comes with related trainings and applications on the use of computers and applications.	

		<p>In 2017, the Company donated 65 desktop computers to 5 schools and organizations nationwide, namely:</p> <ol style="list-style-type: none"> <li>1. Philippine Jesuit Prison Service</li> <li>2. Bureau of Corrections-Medium Security Compound</li> <li>3. Ateneo De Zamboanga University</li> <li>4. Church of the Evangel</li> <li>5. Xavier School Educational &amp; Trust Fund, Inc.</li> </ol> <p>For the Company's contribution to mitigate the impact of climate change, the employees participated in the Company's fourth Eco-Awareness Program, in partnership with Haribon Foundation. This partnership with Haribon Foundation started in 2014 and is sustained until now. Company employees participated in the tree-planting activity. Each group contributed to Haribon's "Road to 2020 Movement" by participating in the Haribon's nursery activities, i.e., sifting soil, packing soil in plastic bags for seedlings, pruning and transferring seedlings, tree-planting activities and hiking. All activities were led by Forest rangers of Haribon Foundation at Mt. Banahaw, Nagcarlan, Laguna.</p>	
<p><b>Optional: Principle 16</b></p> <ol style="list-style-type: none"> <li>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</li> <li>2. Company exerts effort to interact positively with the communities in which it operates</li> </ol>			<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>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p>



## 2018 ATTESTATION OF INTERNAL AUDIT, CONTROL AND COMPLIANCE SYSTEM

The Board of Directors is responsible in providing governance and overseeing the implementation of adequate internal control mechanisms and risk management process.

Management has the primary responsibility to design and implement an adequate and effective system of internal controls and risk management processes to ensure compliance with laws, rules, and regulations.

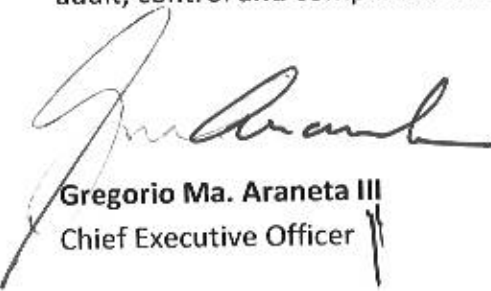
Management is responsible to develop a system to monitor and manage risks. The Chief Risk Officer manages the Company's Risk Management System.

The Company's external auditor, Reyes Tacandong & Co., is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with International Financial Reporting Standards and the overall quality of the financial reporting process.


Internal Audit adopts a risk-based audit approach in developing an annual work plan and conducts reviews to assess the adequacy of the Company's internal controls.

The Chief Audit Executive reports functionally to the Audit Committee to ensure independence and objectivity allowing Internal Audit to fulfill its responsibilities.

Based on the above and the assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that PhilWeb Corporation's systems of internal audit, control and compliance are adequate.



**Gregorio Ma. Araneta III**  
Chief Executive Officer



**Rico T. Raymundo**  
Chief Audit Executive