

# COVER SHEET

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SEC Registration Number

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(Company's Full Name)

[illegible]

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

**Atty. Rosalinda F. Rivera**  
**Corporate Secretary**

(Contact Person)

**633-7631**

(Company Telephone Number)

1	2
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Month

(Fiscal Year)

3	1
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Day

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(Form Type)

**last Thursday of May**

**last Thursday of May**

Month Day  
(Annual Meeting)

## REVISED CORPORATE GOVERNANCE MANUAL

**Issuer of Securities under SEC-MSRD No. 37,  
Series of 2013**

(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

### Total Amount of Borrowings

\_\_\_\_\_

Total No. of Stockholders

□ □ □ □ □

Domestic

\_\_\_\_\_

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

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Cashier

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May 14, 2021

SECURITIES AND EXCHANGE COMMISSION  
G/F Secretariat Building  
PICC Complex, Roxas Boulevard, Pasay City

Attention: Atty. Rachel Esther J. Gumbang-Remalante  
OIC- Corporate Governance and Finance Department

THE PHILIPPINE STOCK EXCHANGE, INC.  
6/F PSE TOWER  
5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City

Attention: Ms. Janet A. Encarnacion  
Head, Disclosure Department

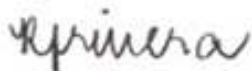
Re: REVISED CORPORATE GOVERNANCE MANUAL

Dear SEC and PSE:

In compliance with the Revised Code of Corporate Governance of the Securities and Exchange Commission, we hereby submit the attached Revised Corporate Governance Manual of Robinsons Retail Holdings, Inc. ("RRHI"). The Board of Directors of RRHI approved the revisions to the said Manual and its adoption on May 14, 2021. This Revised Corporate Governance Manual as of May 14, 2021 shall supersede the previous Manual which was approved by the Board last May 12, 2017 and submitted to the SEC on May 31, 2017.

Thank you.

Very truly yours,



Atty. Rosalinda F. Rivera  
Corporate Secretary



**ROBINSONS RETAIL HOLDINGS, INC.**  
**REVISED CORPORATE GOVERNANCE MANUAL**  
**(As of May 14, 2021)**

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## **ARTICLE I**

### **INTRODUCTION AND DEFINITION OF TERMS**

#### **A. Introduction**

The Board of Directors, officers and employees of Robinsons Retail Holdings, Inc. (the “Company” or “RRHI”) are committed to the principles of corporate governance contained in this Corporate Governance Manual. The Board recognizes that Corporate Governance is a necessary component of sound business management that will contribute to the improvement of the value of the Company for the benefit of its shareholders and stakeholders.

#### **B. Definition of Terms**

1. Articles of Incorporation – refers to the Articles of Incorporation of the Company and all amendments thereto;
2. Board of Directors or “Board” – is the governing body elected by the Shareholders that exercises the corporate powers of a Company, conducts all its business and controls its properties;
3. By-Laws – refers to the By-Laws of the Company and all amendments thereto;
4. Compliance Officer – is an officer of the Company who is responsible for ensuring and monitoring compliance with Corporate Governance regulations and policies and is accountable to the Company and its Shareholders for any violations or deviations from such regulations or policies;
5. Corporate Governance – refers to a system of stewardship and control that will guide the Company in fulfilling its long-term economic, moral, legal and social obligations to its Stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and Senior Management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with Shareholders value – for the benefit of all Stakeholders and society;
6. Enterprise Risk Management or ERM – refers to the process applied in strategy setting and implemented across the Company and its subsidiaries that is designed to identify potential events that may adversely affect the Company, manage risks in order to be within its risk appetite, and provide reasonable assurance regarding the achievement of the Company’s objectives, which process is monitored and reviewed

by the Company's Board of Directors, Officers, Senior Management and key personnel,;

7. Exchange or Philippine Stock Exchange – refers to an organized market place or facility that brings together buyers and sellers, and executes trading of securities and/or commodities;
8. Executive Director – refers to a member of the Board of Directors who has responsibility for the day-to-day operations of the entire Company or a segment thereof;
9. Independent Director – refers to a person who is independent of management and the controlling Shareholders, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director. An Independent Director refers to a person who, ideally:
  - 9.1. Is not, or has not been a Senior Officer or employee of the Company unless there has been change in the controlling interest ownership of the Company;
  - 9.2. Is not, and has not been in the three years immediately preceding election, a Director of the Company, a 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;
  - 9.3. Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus", "Ex-Officio" Director/Officer or Member 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;
  - 9.4. Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;
  - 9.5. 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 Shareholder. For this purpose, relative means a spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
  - 9.6. Is not acting as a nominee or representative of any Director of the Company or any of its related companies;
  - 9.7. Is not a securities broker-dealer of listed companies and registered issuers of securities;
  - 9.8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company,

- any of its related companies or substantial Shareholders, 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;
- 9.9. 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 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;
- 9.10. Is not affiliated with any non-profit Company that receives significant funding from the Company or any of its related companies or substantial Shareholders; and
- 9.11. Is not employed as an executive Officer of another company where any of the Company's executives serve as Directors.
- 9.12. As a rule, independent directors may serve for a maximum of nine (9) consecutive years starting from 2012, with due regard to the inviolability of a shareholders' right to vote and to be elected as a Director. If the Company intends to retain an independent director who has served for nine consecutive years, the Board shall provide meritorious justifications and advise the shareholders of such justification during the annual shareholders meeting.
10. Internal Audit – refers to an independent and objective assurance activities designed to improve the Company's operations and help accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;
11. Internal Audit Department – refers to the department of the Company that provides independent and objective assurance services in order to improve the Company's operations by evaluating the effectiveness of risk management, control and governance processes;
12. Internal Audit Head – the highest ranked executive in the Company responsible for the implementation of Internal Audit activities;
13. Internal Control – refers to a process designed to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely issuance of financial and management information; and compliance with applicable laws, regulations, and the Company's policies and procedures;
14. Internal Control System – refers to the framework under which Internal Controls are developed and implemented (either by itself or together with other policies and



procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Company is exposed;

15. Management – refers to key executives who have been given authority by the Board of Directors to implement the policies for the operations and conduct of business by the Company;
16. Non-audit Work – refers to the other services offered by an External Auditor to the Company that are not directly related or incidental to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an External Auditor;
17. Non-Executive Director – refers to a director who has no executive responsibility and does not perform any work related to the day-to-day operations of the Company;
18. Related Party – refers to the Company’s subsidiaries, affiliates and any entity (including their subsidiaries, affiliates and special purpose vehicles), which are directly or indirectly controlled by the Company or that directly or indirectly controls the Company; the Company’s Directors; Officers; Shareholders and Related Interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies; and such other person or juridical entity whose interest may pose a potential conflict with the interest of the Company.
19. Related Party Transaction or RPT – refers to the transfer of resources, services or obligations between a reporting Company and a Related Party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with Related Parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a Related Party.
20. Stakeholder – refers to any individual, organization, or society at large who can either affect and/or be affected by the Company’s strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and the community in which the Corporation conducts business.

## **ARTICLE II RULES OF INTERPRETATION**

- A. Unless the context otherwise requires:

1. Words in the singular include the plural, and vice versa; and
  2. Words importing any gender include all genders.
- B. A reference to a statute or statutory provision shall be construed as a reference to the statute or provision as from time to time amended, modified, or re-enacted, any repealed statute or statutory provision which it re-enacts, and any orders, rules and regulations made under the relevant statute or statutory provision.
- C. The headings of this Revised Corporate Governance Manual (the “Manual”) are inserted solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.
- D. All doubts or questions that may arise in the interpretation of the application of this Manual shall be resolved in favor of promoting fairness, accountability and transparency to the Shareholders and Stakeholders of the Company.

### **ARTICLE III GOVERNANCE STRUCTURE**

#### **A. Board of Directors**

The Board of Directors (the “Board”) is primarily responsible for the governance of the Company and provides an independent check on management.

##### **1. Composition of the Board of Directors**

The Board shall be composed of at least five (5), but not more than eleven (11), members who are elected by the Shareholders and shall have at least two (2) Independent Directors or such number of Independent Directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The Board shall adopt a policy on diversity which will aim to achieve a board composition that is diverse in knowledge, experience, competence and expertise.

The Board shall be composed of Executive and Non-Executive Directors, which include Independent Directors. Majority of the members of the Board shall be Non-Executive Directors who must possess exemplary qualifications and work experience to ensure active participation in the meetings of the Board, provide objective and



independent judgment on business decisions and corporate actions and establish check and balance in the Company.

## **2. Qualifications for or Disqualifications from Directorship**

### **2.1. Qualifications of a Director**

In addition to the applicable provisions of the Revised Corporation Code, Securities Regulation Code, and other relevant laws the Articles of Incorporation and By-Laws of the Company, the following general guidelines shall be observed in the initial evaluation of Director-nominees to the Board:

- 2.1.1. He should own at least one (1) share of stock of the Company;
- 2.1.2. He must have a practical understanding of the business of the Company;
- 2.1.3. He shall have been proven to possess integrity and probity.

The Corporate Governance and Sustainability Committee, as defined under Article III-B (3), may consider and recommend to the Board other qualifications of the nominees to the Board which may be provided under existing or future laws or regulations.

### **2.2. Permanent Disqualification of a Director**

Any of the following shall be a ground for the permanent disqualification of a Director:

- 2.2.1. Any person convicted by final judgment or order by a competent judicial or administrative body of any of the following:
  - (i) Any crime that (a) involves the purchase or sale of securities as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust Company, investment house or as an affiliated person of any of them;
  - (ii) An offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
  - (iii) Any person who has been found by final judgment or order of the Securities and Exchange Commission ("SEC"), Bangko Sentral ng Pilipinas (BSP), court, or competent administrative body to have

willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Revised Corporation Code, or any other law, rule, regulation or order administered by the SEC or BSP.

- 2.2.2. A person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, BSP or any court or administrative body of competent jurisdiction from (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house or as investment company; or (c) engaging in or continuing any conduct or practice in any of the capacities mentioned above or willfully violating the laws that govern securities and banking activities;

The disqualification shall also apply if such person is currently the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- 2.2.3. Any person judicially declared to be insolvent;
- 2.2.4. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- 2.2.5. Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Revised Corporation Code committed within five (5) years prior to the date of his election or appointment.

### **2.3. Temporary Disqualification of a Director**

The Corporate Governance and Sustainability Committee may consider and recommend to the Board the temporary disqualification of a Director for any of the following reasons:



- 2.3.1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations;
- 2.3.2. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election;
- 2.3.3. Dismissal/termination for cause as Director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

In the case of Par. 2.3.1, the temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the non-compliance with the disclosure requirements. If he fails or refuses to do without justifiable cause, the disqualification shall become permanent.

### **3. Responsibilities, Duties and Functions of the Board**

#### **3.1. General Responsibility of the Board**

It is the Board's responsibility to promote the long-term success of the Company, sustain its competitiveness and profitability in line with its business goals, strategies and plans and in a manner which supports the best interests of the Company, its Shareholders and Stakeholders.

The Board shall formulate and annually review the Company's vision, mission, strategic objectives, and plans including the means to effectively monitor Management's performance.

The Board shall exercise care, skill and judgment and observe good faith and loyalty in the performance of its duties and management of the business and affairs of the Company. The Board shall ensure that all its actions are within the scope of its power and authority as set out in the Articles of Incorporation and By-Laws of the Company, and under applicable laws, rules and regulations.

#### **3.2. Duties and Functions of the Board**

The Board shall perform among others, the following duties and responsibilities:

- 3.2.1. Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company, its Shareholders and Stakeholders;
- 3.2.2. Oversee the development of and approve the Company's objectives and plans and monitor their implementation. The Board shall review and guide corporate strategy, major plans and projects, annual budgets and business plans; set performance objectives; and oversee major capital expenditures, acquisitions and divestitures;
- 3.2.3. Oversee the adoption of an effective succession planning program and remuneration policies;
- 3.2.4. Adopt policies on board nomination and election that will ensure diversity in board composition in terms of knowledge, expertise and experience;
- 3.2.5. Oversee the implementation of a policy and system on RPTs which shall include the review and approval of material RPTs and ensure fairness and transparency of the transactions;
- 3.2.6. Oversee the adoption of policies on the selection of Management and Officers and the assessment of their performance;
- 3.2.7. Oversee the establishment of an internal control system to monitor and manage potential conflicts of interest and an ERM framework to identify, monitor, assess and manage key business risks;
- 3.2.8. Annually review, together with Management, the Company's vision, mission and strategic objectives;
- 3.2.9. Ensure the Company's faithful compliance with all applicable laws and regulations, and best business practices;
- 3.2.10. Establish and maintain an Investor Relations Program that will inform the Shareholders of material transactions involving the Company. The Company's CEO shall exercise oversight responsibility over this program;
- 3.2.11. Identify its Stakeholders and formulate a clear policy of accurate, timely, and effective communication with such Stakeholders;
- 3.2.12. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times;
- 3.2.13. Ensure that the Company has an independent audit mechanism for the proper audit and review of the Company's financial statements by the External Auditors;



- 3.2.14. Ensure that the Company establishes appropriate Corporate Governance policies and procedures pursuant to this Manual and the Governance Code, including but not limited to, policies on conflict of interest, and oversee the effective implementation thereof; and
- 3.2.15. Consider the implementation of an alternative dispute resolution system for the amicable settlement of conflicts or differences between the Company and its Shareholders, if applicable.

#### **4. Specific Duties and Responsibilities of a Director**

A Director shall endeavor to act in the best interest of the Company its shareholders and stakeholders in a manner characterized by fairness, accountability, and transparency.

A Director shall observe the following norms of conduct:

- 4.1. Conduct fair and impartial business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company;
- 4.2. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities;
- 4.3. Act judiciously. Before deciding on any matter brought before the Board, a Director should carefully evaluate the issues and, if necessary, make inquiries and request clarification;
- 4.4. Exercise independent judgment. A Director should view each problem or situation objectively;
- 4.5. Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of relevant regulatory agencies;
- 4.6. Observe confidentiality. A Director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as Director; and
- 4.7. Have a working knowledge of the Company's control systems. A Director shall ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.
- 4.8. Disclose to the Philippine Stock Exchange (PSE) and the SEC any purchase, sale or trading of the Company's shares.

## **5. Internal Control Responsibilities of the Board**

The control environment of the Company consists of (a) the Board which ensures that the Company is properly and effectively managed and supervised; (b) Management that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by the management of 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 safeguarding of assets, and compliance with laws, rules, regulations and contracts.

5.1. The internal control mechanisms for the performance of the Board's oversight responsibility may include:

5.1.1. Definition of the duties and responsibilities of the CEO;

5.1.2. Selection of the person who possesses the qualifications, integrity and expertise required for the position of CEO;

5.1.3. Evaluation of proposed appointments to Management.

5.1.4. Evaluation of the proposed appointments of Officers; and

5.1.5. Review of the Company's human resource policies, conflict of interest situations, compensation program for employees and succession plan.

5.2. The Company's systems of effective organizational and operational controls shall be continuously developed and updated based on, among others, the following factors: nature and complexity of the business; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.

5.3. The Company shall establish an Internal Audit system that can provide assurance service to the Board, Management and Shareholders and ensure that key organizational and operational controls are in place. The Board shall appoint an Internal Audit Head to perform the Internal Audit function. The Internal Audit Head shall be guided by the Local and International Standards on Professional Practice of Internal Auditing.

## **6. Board Meetings and Quorum Requirement**

6.1. The schedule of the meetings of the Board shall be determined during the fourth quarter of the preceding year. The Board shall hold regular meetings in



accordance with such schedule and as set out under the By-Laws and convene special meetings when required by business exigencies.

- 6.2. The notice and agenda of the meetings and the reports and materials to be presented at the said meetings shall be furnished to the Directors within five (5) business days prior to each meeting, and such meetings must be duly minuted.
- 6.3. The members of the Board shall attend regular and special meetings in person or through video/teleconferencing conducted in accordance with the rules and regulations of the SEC except when unable to do so because of justifiable reasons.
- 6.4. Independent Directors shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one (1) Independent Director in all its meetings.

## **7. Remuneration of Directors and Officers**

Formal procedures for the development of a policy on the levels of remuneration for Directors and Officers shall be established by the Company through the Remuneration Committee.

The levels of remuneration shall be sufficient to be able to attract and retain the services of qualified and competent Directors and Officers.

No Director shall participate in deciding on his remuneration.

## **8. Directorships in Other Companies**

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in publicly-listed companies, ensuring however that the shareholders legal right to vote and be voted as directors remains inviolable.

- 8.1. Any limitation in the number of directorships outside of the Company as may be adopted by Company shall not include directorships in the Company's subsidiaries, affiliates, parent Company (if any), and affiliates and subsidiaries of such parent Company;

- 8.2. A Director shall notify the Board before accepting a directorship in another company.

## **B. Board Committees**

To aid in the optimal performance of its roles and responsibilities and ensure compliance with the principles of Corporate Governance, the Board shall form the following Board

Committees: (a) Audit Committee, (b) Corporate Governance and Sustainability Committee, (c) Board Risk Oversight Committee (BROC), (d) Related Party Transaction Committee and (e) Remuneration Committee.

## **1. Appointment of Members and Adoption of Committee Charter**

### **1.1. Appointment of Members of the Board Committees**

The Board shall appoint the members and chairman (from among the members) of each Board Committee annually.

### **1.2 Charter of the Board Committees**

1.2.1 Each Board Committee shall have a Charter which shall define and govern, among other matters, its purposes, composition, membership and duties and responsibilities, conduct of meetings, and reporting processes.

1.2.2 The respective Charters of the Board Committee shall be approved by the Board and shall not be amended or revised unless such amendments or revisions are approved by the Board.

## **2. Audit Committee**

### **2.1. Role of the Audit Committee**

The role of the Audit Committee is to provide oversight over the Company's financial reporting, Internal Control System, and Internal and External Audit processes. It shall ensure that systems and processes are in place to provide assurance activities, ensure accurate financial reporting, monitor compliance with laws, regulations and internal policies, determine the efficiency and effectiveness of business operations, and provide the proper safeguarding and use of the Company's resources and assets.

### **2.2. Organization of the Audit Committee**

2.2.1. The Audit Committee reports functionally to the Board.

2.2.2. The Audit Committee shall be composed of at least three (3) Non-Executive Directors, with at least one (1) Independent Director. The Board may consider having majority of the members of the Audit Committee to be the Independent Directors. All members must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

- 2.2.3. The Board shall appoint an Independent Director to be the Chairman of the Audit Committee.

### **2.3. Functions of the Audit Committee**

The Audit Committee shall have the following functions:

- 2.3.1. Oversee the Internal Audit Department and recommend the appointment and/or grounds for approval of the Internal Audit Head. The Audit Committee shall also approve the terms and conditions for the outsourcing of Internal Audit services, if applicable;
- 2.3.2. Ensure that the Internal Audit Department will monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets;
- 2.3.3. Review the Annual Internal Audit Plan to confirm that it is consistent with the strategic objectives of the Company. The Plan shall include the audit scope, allocation of resources, and the budget necessary for the implementation of the Audit Plan;
- 2.3.4. Review the reports submitted by the Internal and External Auditors;
- 2.3.5. Review and monitor Management's responsiveness to Internal Audit's findings and recommendations;
- 2.3.6. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination, if more than one audit firm is involved in the activity, to secure proper coverage and minimize duplication of efforts;
- 2.3.7. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the proportion of non-audit fees paid to the External Auditor to the Company's overall consultancy expenses. The Committee shall evaluate if the non-audit work will create a potential conflict of interest and shall disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to its independence. If the non-audit work is allowed, this shall be disclosed in the Company's Annual Corporate Governance Report;
- 2.3.8. Review and approve the financial statements before these are presented to the Board, with particular focus on the following:
  - Any change/s in accounting policies and practices;
  - Areas where significant amount of judgment has been exercised;



- Significant adjustments resulting from the audit;
  - Going concern assumptions;
  - Compliance with accounting standards; and
  - Compliance with tax, legal, and regulatory requirements.
- 2.3.9. Review the disposition of the recommendations contained in the External Auditor's management letter, if any;
- 2.3.10. Perform oversight functions over the Company's Internal and External Auditors. It shall ensure the independence of Internal and External Auditors, and that both auditors are given reasonable access to all material records, properties and personnel to enable them to perform their respective audit functions;
- 2.3.11. Recommend the appointment, re-appointment, removal, and fees of the External Auditor; and
- 2.3.12. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process and monitoring of compliance with applicable laws, rules and regulations.

#### **2.4. Meetings of the Audit Committee**

- 2.4.1. The Audit Committee shall meet every quarter or as often as may be necessary. The Audit Committee may opt to meet without the presence of the CEO or other management team members, and periodically meet with the Internal Audit Head.
- 2.4.2. The notice and agenda for each meeting shall be circulated to all Audit Committee members at least five (5) business days before each meeting.
- 2.4.3. The Audit Committee may invite other Directors, Officers and Management to attend any meeting.
- 2.4.4. The Audit Committee Chairman shall preside at all meetings of the Committee. In case of his absence, the members present shall select from among themselves an Acting Chairman to preside at the particular meeting.
- 2.4.5. A quorum shall be present as long as an Independent Director is present or if at least a majority of the members of the Audit Committee is present. No business shall be transacted at any meeting unless a quorum is present.



- 2.4.6. The Audit Committee shall cause proper records of its proceedings to be kept. The Members shall nominate the Committee Secretary who shall prepare and keep the minutes of meetings and other proceedings.

### **3. Corporate Governance and Sustainability Committee**

#### **3.1. Role of the Corporate Governance and Sustainability Committee**

The role of the Corporate Governance and Sustainability Committee is to oversee the development and implementation of Corporate Governance principles and policies and perform oversight functions on the Economic, Environment, Social and Governance aspects of sustainability. The Corporate Governance and Sustainability Committee shall recommend a formal framework on the nomination, and evaluation of the performance of the Directors Officers and Senior Management to ensure that this framework is consistent with the Company's culture, strategies and the business environment.

#### **3.2. Organization of the Corporate Governance and Sustainability Committee**

- 3.2.1. The Corporate Governance and Sustainability Committee shall report directly to the Board.
- 3.2.2. The Corporate Governance and Sustainability Committee shall be composed of at least three (3) Directors, with at least one (1) Independent Director. The Board may consider having majority of the members of the Corporate Governance and Sustainability Committee to be Independent Directors, including the Chairman. The Board shall ensure that the members of the Corporate Governance and Sustainability Committee are appropriately qualified to discharge their responsibilities.
- 3.2.3. The Board shall appoint one of the members of the Corporate Governance and Sustainability Committee to be the Committee Chairman.

#### **3.3. Functions of the Corporate Governance and Sustainability Committee**

The Corporate Governance and Sustainability Committee shall have the following functions:

- 3.3.1. Oversee the implementation of a Corporate Governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as the business and regulatory environment;

- 3.3.2. Oversee the formulation and implementation of a Code of Business Conduct and Ethics and internal policies and monitor compliance with such code and policies by the Company through communication and awareness campaign, continuous training and setting a proper forum where issues may be addressed;
- 3.3.3. Oversee the performance evaluation of the Board and its Committees and Management, and conduct an annual self-evaluation of its performance;
- 3.3.4. Recommend continuing education/training programs for Directors, assignment of tasks/projects to Board Committees, succession planning for the Board members and senior Officers;
- 3.3.5. Determine the nomination and election process for the Company's Directors and define the general profile of the Board members;
- 3.3.6. Provide guidance on the strategies, reports and initiatives on sustainability;
- 3.3.7. Establish efficient communication channels which aid and encourage employees, customers, suppliers, creditors and other Stakeholders to raise concerns on potential unethical or unlawful behavior without fear of retribution; and
- 3.3.8. Review recommendations concerning policies on conflict of interest, promotion and career advancement directives

#### **3.4. Meetings of the Corporate Governance and Sustainability Committee**

- 3.4.1. The Corporate Governance and Sustainability Committee shall meet twice a year or as often as may be necessary.
- 3.4.2. The notice and agenda for each meeting shall be circulated to all Corporate Governance and Sustainability Committee members at least five (5) business days before each meeting.
- 3.4.3. The Corporate Governance and Sustainability Committee may invite other Directors and Management Officers to attend any meeting.
- 3.4.4. The Chairman of the Corporate Governance and Sustainability Committee shall preside at all meetings of the Committee. In case of his absence, the members present shall select from among themselves an Acting Chairman to preside at the particular meeting.
- 3.4.5. A quorum shall be present if at least a majority of the members of the Corporate Governance and Sustainability Committee is present. No business shall be transacted at any meeting unless a quorum is present.

- 3.4.6. The Corporate Governance and Sustainability Committee shall cause records of its proceedings to be kept. The Members shall nominate the Committee Secretary who shall prepare and keep the minutes of meetings and other proceedings.

#### **4. Board Risk Oversight Committee (BROC)**

##### **4.1. Role of the BROC**

The role of the BROC is to oversee the establishment of an ERM framework to identify, monitor, assess and manage key business risks. The ERM framework shall guide the Company in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The BROC shall be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operations and performance.

##### **4.2. Organization of the BROC**

- 4.2.1. The Board Risk Oversight Committee shall be composed of at least three (3) directors, with at least one (1) Independent Director. The Board may consider having majority of the members of the BROC to be Independent Directors. At least one member of the BROC must have relevant knowledge and experience on risk and risk management.
- 4.2.2. The Board shall appoint one of the members of the BROC to be the Committee Chairman.

##### **4.3. Functions of the BROC**

The BROC shall have the following functions:

- 4.3.1. Oversee the development and implementation of a formal ERM Plan that contains the following elements:
- Common language or register of risks;
  - Well-defined risk management goals, objectives and oversight;
  - Uniform processes of identifying, assessing, evaluating and measuring risks as well developing strategies to manage and mitigate prioritized risks;
  - Designing and implementing risk management strategies; and



- Continuing assessments and monitoring to improve risk strategies, processes and measures;
- 4.3.2. Evaluate the ERM Plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC shall revisit defined risk management strategies, look for emerging or changing material exposures, and stays abreast of significant developments that may seriously impact the likelihood of harm or loss;
- 4.3.3. Review 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 occurrence of major events that may have a major impact on the Company;
- 4.3.4. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are most likely to occur and impact the performance and financial stability of the Company and its Stakeholders;
- 4.3.5. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- 4.3.6. Provide the Board with a report on material risks, potential exposures, recommendations on appetite levels, risk tolerance limits, and actions and plans to mitigate the identified risks.

#### **4.4. Meetings of the BROC**

- 4.4.1. The BROC shall meet twice a year or as often as may be necessary. The BROC may opt to meet without the presence of the CEO or Management, and periodically meet with the ERM Head.
- 4.4.2. The notice and agenda for each meeting shall be circulated to all BROC members at least five (5) business days before each meeting.
- 4.4.3. The BROC may invite other Directors, Officers and Management to attend any meeting.
- 4.4.4. The BROC Chairman shall preside at all meetings of the Committee. In case of his absence, the members present shall select from among themselves an Acting Chairman to preside at the particular meeting.

- 4.4.5. A quorum shall be present as long as an Independent Director is present or if at least a majority of the members of the BROCC is present. No business shall be transacted at any meeting unless a quorum is present.
- 4.4.6. The BROCC shall cause proper records of its proceedings to be kept. The Members shall nominate a Committee Secretary who shall prepare and keep the minutes of meetings and other proceedings.

## **5. Related Party Transaction Committee**

### **5.1. Role of the Related Party Transaction (RPT) Committee**

The role of the RPT Committee is to ensure that there is a group-wide policy and system governing Material Related Party Transactions (MRPTs). Material Related Party Transaction refers to any related party transaction either individually or in the aggregate over a twelve (12) month period with the same related party, amounting to at least ten percent (10%) or higher of the Company's total consolidated assets based on its latest audited financial statements. The policy shall include the review and approval of MRPTs in order to ensure the fairness and transparency of such transactions.

### **5.2. Organization of the Related Party Transaction Committee**

- 5.2.1. The RPT Committee reports functionally to the Board.
- 5.2.2. The RPT Committee shall be composed of at least three (3) Non-Executive Directors, with at least one (1) Independent Director. The Board may consider having majority of the members of the RPT Committee to be Independent Directors. The Board shall ensure that the members of the RPT Committee are appropriately qualified to discharge their responsibilities.
- 5.2.3. The Board shall appoint an Independent Director to be the Chairman of the RPT Committee.

### **5.3. Functions of the Related Party Transaction Committee**

The Related Party Transaction Committee shall have the following functions:

- 5.3.1. Establish a policy on MRPTs that promotes transparency and ensure that these transactions consider the protection of the rights of all Stakeholders.
- 5.3.2. Evaluate relations between and among the business units and counterparties to ensure that all related parties are identified, MRPTs are monitored, and subsequent changes in relationships with counterparties



(from non-related to related and vice versa) are captured. Related parties, MRPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;

- 5.3.3. Evaluate all MRPTs to ensure that these are not undertaken on more favorable economic terms (e.g price, commissions, interest rates, fees, tenor, collateral requirements) with such related parties as compared to similar transactions with non-related parties under comparable circumstances. The RPT Committee shall likewise ensure that no corporate business resources of the Company are misappropriated or misapplied and shall determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating MRPTs, the RPT Committee shall also take into account, among others, the following:
- The related party's relationship to the Company and interest in the transaction;
  - The material facts of the proposed MRPT, including the proposed aggregate value of such transaction;
  - The benefits to the Company of the proposed MRPT;
  - The availability of the other sources of comparable products or services; and
  - An assessment of whether the proposed MRPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company shall have an effective price discovery system in place and shall exercise due diligence in determining a fair price for RPTs;
- 5.3.4. Ensure that appropriate disclosure is made, and/or information is provided to regulatory and supervising authorities on the Company's MRPTs reviewed and approved during the year including unusual or infrequently occurring transactions, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- 5.3.5. Report 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;
- 5.3.6. Ensure that transactions with related parties, including write-off of exposures are subject to periodic independent review or audit process;

- 5.3.7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling and reporting MRPTs, including periodic review of RPT policies and procedures.
- 5.3.8. If needed, appoint an independent party to evaluate the fairness of the transaction price on the acquisition and disposal of assets, particularly those passing a materiality threshold determined by the RPT Committee.

#### **5.4. Meetings of the Related Party Transaction Committee**

- 5.4.1. The RPT Committee shall be convened in the event that there are proposed MRPTs to be entered into by the Company and as the Committee deems necessary.
- 5.4.2. The notice and agenda for each meeting shall be circulated to all RPT Committee members at least five (5) business days before each meeting.
- 5.4.3. The RPT Committee may invite other Directors, Officers and Management to attend any meeting.
- 5.4.4. The RPT Committee Chairman shall preside at all meetings of the Committee. In case of his absence, the members present shall select from among themselves an Acting Chairman to preside at the particular meeting.
- 5.4.5. A quorum shall be present as long as an Independent Director is present. No business shall be transacted at any meeting unless a quorum is present.
- 5.4.6. Voting on all RPT Committee resolutions shall be carried consistent with the Material Related Party Transaction Policy.
- 5.4.7. The RPT Committee shall cause proper records of its proceedings to be kept. The members shall nominate the Committee Secretary who shall prepare and keep minutes of meetings and other proceedings and circulate the same to the RPT Committee members for approval.
- 5.4.8. The RPT Committee may make further rules of procedures or amend the same from time to time as the Committee deems fit.

### **6. Remuneration Committee**

#### **6.1. Role of the Remuneration Committee**

The role of the Remuneration Committee is to formulate a remuneration policy that will enable the Company to attract, retain and motivate senior Management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of the Shareholders and other



Stakeholders. The remuneration policy should have regard to the Company's long term strategic goals. The Remuneration Committee shall implement the remuneration policy with the authority to enable it, in conjunction with internal and external advisers, to ensure the Board's objectives are met.

## **6.2. Organization of the Remuneration Committee**

- 6.2.1. The Remuneration Committee reports functionally to the Board.
- 6.2.2. The RPT Committee shall be composed of at least three (3) Non-Executive Directors, with at least one (1) Independent Director. The Board shall ensure that the members of the Remuneration Committee are appropriately qualified to discharge their responsibilities.
- 6.2.3. The Board shall appoint a Non- Executive Director to be the Chairman of the Remuneration Committee.

## **6.3. Functions of the Remuneration Committee**

The Related Party Transaction Committee shall have the following functions:

- 6.3.1. Establish a formal procedure to develop a remuneration policy consistent with the Company's culture and strategy as well as the business environment in which it operates. Recommend and monitor the level and structure of remuneration for all members of Senior Management and all Officers of the Company.
- 6.3.2. Ensure that no individual is involved in any decisions as to their own remuneration or benefits arrangement;
- 6.3.3. Taking into account all factors which it deems necessary including relevant legal and regulatory requirements, the objective of the remuneration policy shall be to attract, retain and motivate Senior Management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of the Shareholders and Stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals.
- 6.3.4. Review the on-going appropriateness and relevance of the remuneration policy;
- 6.3.5. Obtain to the extent possible reliable, up-to-date information about remuneration in other companies of comparable scale and complexity.



- 6.3.6. Establish the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee;
- 6.3.7. Review the design of, and determine targets for, any performance related pay schemes operated by the Company, in consultation with the CEO and the Human Resources Department;
- 6.3.8. Determine the policy for and scope of retirement arrangements for the Company, in consultation with the CEO and the Human Resources Department and ensure that such arrangements are in compliance with applicable laws and recommending that appropriate financial provisioning is made by the Company in respect of all such retirement arrangements;
- 6.3.9. Oversee any major changes in employee benefits structures throughout the Company, which may include the appropriate standardization of remuneration and benefits across the various lines of business undertaken by the Company and its subsidiaries.

#### **6.4. Meetings of the Remuneration Committee**

- 6.4.1. The Remuneration Committee shall meet twice a year or as often as may be necessary.
- 6.4.2. The notice and agenda for each meeting shall be circulated to the members of the Remuneration Committee at least five (5) business days before each meeting.
- 6.4.3. The Remuneration Committee may invite other Directors, Officers and Management to attend any meeting.
- 6.4.4. The Chairman of the Remuneration Committee shall preside at all meetings of the Committee. In case of his absence, the members present shall select from among themselves an Acting Chairman to preside at the particular meeting.
- 6.4.5. A quorum shall be present as long as an Independent Director is present or if at least a majority of the members of the Remuneration Committee is present. No business shall be transacted at any meeting unless a quorum is present.
- 6.4.6. The Remuneration Committee shall cause proper records of its proceedings to be kept. The Members shall nominate a Committee

Secretary who shall prepare and keep the minutes of meetings and other proceedings

### **C. The Chairman**

The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and Shareholders. The Chairman shall also assist in ensuring compliance with and performance of the Corporate Governance policies and practices.

As needed or in accordance with applicable regulations including the Revised Code of Corporate Governance, the roles of Chairman and the CEO may be separated in order to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the roles of the Chairman and CEO.

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

The Board may consider designating a Lead Director among the Independent Directors if the Chairman of the Board is not an Independent Director and if the positions of the Chairman of the Board and CEO are held by one person. The Lead Director shall be the intermediary between the Chairman and the other Directors when necessary; convene and chair meetings of the Non-Executive Directors; and contribute to the performance evaluation of the Chairman, as required.

The duties and responsibilities of the Chairman in relation to the Board may include, among others, the following:

1. The Chairman shall supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary and Management and ensure that the agenda focuses on strategic matters, consider recent developments in the business and regulatory environments, key projects and governance concerns, and contentious issues that will significantly affect operations;
2. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound business decisions;
3. Facilitate communication on key issues by encouraging an environment conducive for constructive discussion and leveraging on the skills and expertise of the individual Directors;
4. Ensure that the Board examines and inquires on reports submitted and representations made by Management;
5. Assure the availability of proper orientation for first-time Directors and continuing training opportunities and requirements for all Directors; and

6. Make sure that the performance of the Board is evaluated at least once a year and the results of such evaluation are discussed;

#### **D. The CEO**

##### **Duties and Responsibilities of the CEO:**

1. Communicate and implement the Company's vision, mission, values and overall strategy;
2. Build the corporate culture and motivate the employees of the Company. Direct, evaluate and guide the work of key Officers of the Company;
3. Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan;
4. Serve as the link between internal operations as well as internal and external Stakeholders;
5. Exercise general care, management and administration of the business operations of the Company. He shall ensure that: (a) the business and affairs of the Company are managed in a sound and prudent manner; and (b) operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts;
6. Provide leadership for Management in determining, developing and implementing business strategies, plans and budgets to the extent approved by the Board. He shall provide the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects on a regular basis;
7. Provide the Board with material information on the matters to be taken up in the Board meetings and, upon the request of any Director, provide presentations on specific topics and respond to inquiries in relation thereto during Board meetings; and
8. Formulate, under the oversight of the Audit Committee, financial reporting and internal control systems, rules and procedures.

#### **E. The Corporate Secretary**

##### **1. Qualifications of the Corporate Secretary**



The Corporate Secretary must be a Filipino citizen, a resident of the Philippines, is an officer of the Company with exemplary performance. The Corporate Secretary should:

- 1.1. Possess appropriate administrative and interpersonal skills;
- 1.2. Have a working knowledge of the operations of the Company;
- 1.3. Be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities; and
- 1.4. Be a separate individual from the Compliance Officer and should not be a member of the Board of Directors.

## **2. Duties and Responsibilities of the Corporate Secretary**

- 2.1. Be loyal to the mission, vision, and objectives of the Company;
- 2.2. Work fairly and objectively with the Board, Management, Shareholders, and other Stakeholders;
- 2.3. Assist the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of Board and Committee meetings and assisting the chairs of the Board and its Committees in setting agendas for their meetings;
- 2.4. Safekeep and preserve the integrity of the minutes of the meeting of the Board and its Committees, as well as other official records of the Company;
- 2.5. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advise the Board and the Chairman on all relevant issues as they arise;
- 2.6. Work fairly and objectively with the Board, Management and Shareholders and contribute to the flow of information between the Board and Management, the Board and its Committees, and the Board and its Stakeholders, including Shareholders;
- 2.7. Advise on the establishment of Board Committees and their terms of reference;
- 2.8. In accordance with the By-Laws, inform the members of the Board of the agenda of their meetings at least five (5) business days prior to the said meetings, and ensure that the Directors have accurate information that will enable them to make appropriate decisions on matters that require their approval;
- 2.9. Attend all Board meetings, except when prevented from doing so for justifiable causes, such as illness, death in the immediate family and serious accidents;

- 2.10. Perform required administrative functions;
- 2.11. Oversee the drafting of the By-laws and ensure that they conform with regulatory requirements; and
- 2.12. Perform such other duties and responsibilities as may be provided by the SEC or as may be assigned by the Board.

## **F. Internal Audit**

### **1. Role of the Internal Audit**

The role of Internal Audit is to provide independent, objective and risk based assurance within the Company, designed to add value and improve the Company's operations. This will assist the Company accomplish its objectives by providing a systematic and disciplined approach for the evaluation and improvement of the effectiveness of risk management, control and governance processes.

### **2. Organization of the Internal Audit**

- 2.1. The Board shall appoint an Internal Audit Head, a Chief Audit Executive or its equivalent position, who shall oversee and be responsible for the Internal Audit activity of the Company.
- 2.2 The Internal Audit Head reports functionally to the Audit Committee and administratively to the CEO.
- 2.3 The Internal Audit Head shall have no executive or managerial powers and duties in the Company except those relating to the management of the Internal Audit.
- 2.4 Internal Audit shall have an independent status and will not be involved in the day-to-day internal checking systems of the business units and corporate centers or shared services in the Company. It is the responsibility of Management to plan, organize, and direct activities to provide reasonable assurance that established goals will be achieved. Internal Audit will examine and evaluate the planning, organizing, and directing processes established and maintained by Management.

### **3. Purpose and Scope of Work of Internal Audit**

The purpose of Internal Audit is to examine and evaluate whether the Company's controls and processes are adequate, efficient, and functioning in a manner to ensure that:

- 3.1. Programs, plans, goals and objectives are achieved;
- 3.2. Employee's actions are in compliance with policies, code of conduct, standards, procedures, and applicable laws and regulations;
- 3.3. Authorities and responsibilities are clearly delineated, properly assigned, and documented;
- 3.4. Changes in functions, services, processes, and operations are properly evaluated;
- 3.5. Significant legislative or regulatory issues impacting the Company are recognized and addressed appropriately;
- 3.6. Control activities are integral part of daily operations;
- 3.7. Adequate controls are incorporated into information technology systems;
- 3.8. Assets or resources are acquired economically, used efficiently, and adequately protected or safeguarded;
- 3.9. Financial, management, and operating information are reliable, timely, relevant, accurate, accessible, and provided in a consistent format;
- 3.10. Channels of communication are effective to ensure that interaction with business units and corporate centers occur as needed; and
- 3.11. Continuous quality improvement is fostered in the business unit and corporate center's control processes.

#### **4. Responsibilities of Internal Audit**

Internal Audit shall be solely responsible for the planning, implementation, and reporting of its results. For this purpose, Internal Audit shall:

- 4.1. Periodically review the Internal Audit charter and present it to the Senior Management and the Audit Committee for approval;
- 4.2. Establish and implement a risk-based Internal Audit Plan, including policies and procedures, and determine the priorities of the Internal Audit which should be consistent with the Company's goals and strategic objectives;
- 4.3. Present the Internal Audit Plan and its performance, resource requirement and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit Committee for review and approval;
- 4.4. Spearhead the performance of the functions of the Internal Audit to ensure that these add value to the Company;



- 4.5. Prepare a forward-looking Strategic Audit Plan to set the long -term direction and approach of Internal Audit;
- 4.6. Perform regular and special audit as contained in the Annual Audit Plan and/or based on the Company's risk assessment;
- 4.7. Perform consulting and advisory services related to governance and control as appropriate for the Company;
- 4.8. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, that could have a significant impact on the Company;
- 4.9. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Company;
- 4.10. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- 4.11. Evaluate specific transactions at the request of the Board, CEO or Management;
- 4.12. Monitor and evaluate governance processes;
- 4.13. Report in a timely manner significant issues noted during the audit relating to the adequacy, efficiency, and effectiveness of policies, controls, processes, and activities of the Company. As directed by or under the policies of the Audit Committee, furnish the auditees and/or any other member of Management copies of the reports;
- 4.14. Recommend any improvement in policies and procedures, systems of controls, processes, and other financial and operational matters that will minimize or prevent waste, extravagance, negative image, and fraud in order to assist Management which shall be responsible for the implementation of specific recommendations;
- 4.15. Coordinate with the External Auditor and ensure that the audit works are complementary to optimize coverage at a reasonable cost; and
- 4.16. Comply with standards that are promulgated by the relevant professional and regulatory agencies.

## **5. Authority of the Internal Audit**

Subject to the approval of the Audit Committee, Internal Audit is authorized to:

- 5.1 Decide on the nature, scope, timing, and frequencies of audit;

- 5.2 Allocate resources and apply different techniques required to accomplish audit objectives;
- 5.3 Assess and recruit personnel with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter provided within policy and approved budget;
- 5.4 Have discussions with Management and employees of the Company at any reasonable time;
- 5.5 Attend or participate in meetings relating to the Board's oversight responsibilities for auditing, financial reporting, Corporate Governance, and control;
- 5.6 Have full and free access to the Audit Committee; and
- 5.7 Obtain the necessary assistance of business unit or corporate center, as well as other specialized services from within or outside the Company.

## **G. Enterprise Risk Management**

### **1. Role of ERM**

The role of ERM is to oversee that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

### **2. Appointment of an ERM Head**

The Board shall appoint an ERM Head, a Chief Risk Officer or its equivalent position, who shall oversee the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation.

- 2.1. The ERM Head reports functionally to the BROCC and administratively to the CEO;
- 2.2. The ERM Head shall have no executive or managerial powers and duties in the Company except those relating to ERM; and
- 2.3. ERM shall have an independent status and will not be involved in the day-to-day operations of the business units and corporate centers in the Company.

### **3. Functions and Responsibilities of ERM**



ERM shall have the following functions and responsibilities:

- 2.1. Define a risk management strategy;
- 2.2. Identify and analyzing key risk exposures relating to Economic, Environmental, Social and Governance (“EESG”) factors and the achievement of the Company’s strategic objectives;
- 2.3. Evaluate and categorize each identified risk using the Company’s predefined risk categories and parameters;
- 2.4. Establish a risk register with clearly defined, prioritized and residual risks;
- 2.5. Develop risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;
- 2.6. Communicate and report significant risk exposures including business risks (e.g. strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the BROCC;
- 2.7. Collaborate with the CEO in updating and making recommendations to the BROCC;
- 2.8. Coordinate, monitor, and facilitate compliance with laws, rules, and regulations; and
- 2.9. Suggest ERM policies and related guidance, as may be needed.

### **3. Authority of ERM**

Subject to the approval of the BROCC, the ERM is authorized to:

- 3.1. Allocate resources and apply different techniques required to accomplish ERM objectives;
- 3.2. Assess and recruit personnel with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter provided within policy and approved budget;
- 3.3. Have discussions with Management and employees of the Company at any reasonable time;
- 3.4. Attend or participate in meetings relating to the BROCC’s oversight responsibilities for ERM;
- 3.5. Have full and free access to the BROCC; and
- 3.6. Obtain the necessary assistance of business unit or corporate center unit, as well as other specialized services from within or outside the Company.

## **G. Compliance Officer**

### **1. Appointment of the Compliance Officer**

The Board shall ensure that it is assisted in its duties by a Compliance Officer. The Board may consider appointing a Compliance Officer with a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Company. The Compliance Officer should not be a member of the Board of Directors and shall have direct reporting responsibilities to the Chairman of the Board. The Compliance Officer shall annually attend a training on Corporate Governance.

### **2. The Compliance Officer shall perform the following duties:**

- 2.1. Ensure proper onboarding of new Directors which shall include orientation on the Company's business, charter, Articles of Incorporation and By-laws, among others;
- 2.2. Monitor, review, evaluate and ensure the compliance by the Company; its Officers and Directors with the provisions and requirements of this Corporate Governance Manual and the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- 2.3. Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
- 2.4. Ensure the integrity and accuracy of all documentary submissions to the regulators;
- 2.5. Appear before the SEC when summoned in relation to compliance with this Code;
- 2.6. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- 2.7. Identify possible areas of compliance issues and works towards the resolution of the same;
- 2.8. Ensure the attendance of Board members and key Officers to relevant trainings;
- 2.9. Assist the Board and the Corporate Governance and Sustainability Committee in the performance of the their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Company, and to assist in the conduct of self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in this Manual and the respective charters of the Board Committees; and
- 2.10. Perform such other duties and responsibilities as may be provided by the SEC.

## **ARTICLE IV ADEQUATE AND TIMELY INFORMATION**

To enable the Directors to properly fulfill their duties and responsibilities, Management shall provide the Directors with material and timely information on the matters to be taken up in their meetings.

Information may include the background or explanation on matters brought before the Board, budgets, forecasts, and internal financial documents.

If the information provided by Management is not sufficient, further inquiries may be made by a Director to enable him to properly perform his duties and responsibilities. The Directors shall have independent access to Management and to the Corporate Secretary.

The Directors, either individually or as a Board, and in the performance of their duties and responsibilities, may seek access to independent professional advice within the guidelines set by the Board.

## **ARTICLE V ACCOUNTABILITY AND AUDIT**

- A. The Board shall ensure that its Shareholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business through its website and its submissions and disclosures to the SEC and Philippine Stock Exchange (PSE).

Management shall formulate the rules and procedures on financial reporting and internal control for presentation to the Audit Committee in accordance with the following guidelines:

1. The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly defined;
2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all Shareholders and other Stakeholders;
3. On the basis of the approved Internal Audit Plan, Internal Audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems,



including the reliability and integrity of financial and operation information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations; and

4. The Company shall consistently comply with the financial reporting requirements of the SEC.
  5. The External Auditor or the signing partner of the External Auditing firm assigned to the Company shall be rotated or changed every seven (7) years or for such period as may required under applicable rules and regulations. The Internal Audit Head should submit to the Audit Committee and Management an annual report on the Internal Audit department's activities, responsibilities, and performance relative to the Internal Audit Plan as approved by the Audit Committee. The annual report should include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The Internal Audit Head should certify that he conducts his activities in accordance with International Standards on the Professional Practice of Internal Auditing. In case of failure to do so, the Internal Audit Head shall disclose to the Board and Management the reasons why he has not fully complied with the said documents.
- B. The Board, after consultation with the Audit Committee, shall recommend to the Shareholders an External Auditor duly accredited by the SEC which shall undertake an independent audit of the Company, and shall provide an objective assurance on the matters by which the financial statements shall be prepared and presented to the Shareholders. The External Auditor shall not, at the same time, provide Internal Audit services to the Company. Non-audit work may be given to the External Auditor, provided that such work do not conflict with its duties as an independent External Auditor, or does not pose a threat to its independence.

If the External Auditor resigns, is dismissed or ceases to perform its services, the reason/s for and the date of effectivity of such action shall be reported in the Company's annual and current reports. The report shall include a discussion of any disagreement between the External Auditor and the Company on accounting principles or practices, financial disclosures or audit procedures which the former External Auditor and the Company failed to resolve satisfactorily.

If the External Auditor believes that any statement made in the Annual Report, Information Statement or any report filed with the SEC or any regulatory body during the period of its engagement is incorrect or incomplete, then the External Auditor shall give its comments or views on the matters in the said reports.

## **ARTICLE VI**

### **STAKEHOLDERS' RIGHTS AND PROTECTION OF MINORITY SHAREHOLDERS' INTEREST**

#### **A. Shareholders**

##### **A.1. Shareholders' Rights**

The Board is committed to treat all Shareholders fairly and equitably, and shall recognize, protect and facilitate the exercise of their rights. These rights relate to the following among others:

- 1. Right to vote on all matters that require their consent or approval**
- 2. Right to inspect corporate books and records**

Any Shareholder who desires to exercise his right to inspect corporate books and records of the Company must make a written request addressed to the Corporate Secretary, and stating the specific reason(s) or purpose(s) for the inspection. The exercise of such right may be denied if:

- (i) The requesting shareholder improperly used information obtained during a prior examination;
- (ii) The requesting shareholder is not acting in good faith; or
- (iii) There is a reasonable ground to safeguard the interests of the Company, such as when the subject of inspection contains confidential or proprietary information or covered by a confidentiality or nondisclosure agreement which will be violated by the Company if such inspection was allowed. In no case shall the shareholder be allowed to take corporate books and other records out of the principal office of the Company for the purpose of inspecting them. The Corporate Secretary may elevate the request for inspection for the information, approval, or other appropriate action by the Board.

- 3. Right to information**

Shareholders shall be provided, upon request, with periodic reports filed by the Company with the SEC (such as the information statement and annual report) which disclose personal or professional information about the Directors and Officers such as their educational and business background, holdings of the Company's shares, material transactions with the Company, relationship with other Directors and Officers and the aggregate compensation of Directors and Officers.



#### **4. Right to dividends**

Shareholders shall have the right to receive dividends which have been declared and approved by the Board.

#### **5. Appraisal right**

The shareholders shall have appraisal right under any of the following circumstances:

- 5.1. In case of any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholder or class of shares, or of authorizing preferences in any aspect superior to those of outstanding shares of any class, or of extending or reducing the term of corporate existence;
- 5.2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Company;
- 5.3. In case of merger or consolidation; and
- 5.4. In case of investment of funds in any other company or business or for any purpose other than the primary purpose for which the Company was organized.

#### **A.2. Promotion of Shareholders' Rights**

1. The Board shall be transparent and fair in the conduct of the Annual and Special Shareholders' meetings of the Company. The Board shall encourage active Shareholders participation by sending the Notice of Annual and Special Shareholders' Meeting together with the required reports at least fifteen (15) business days before the meeting in accordance with the Securities Regulation Code or within such applicable period as may be prescribed by law. The Shareholders shall be encouraged to attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of law, rules and regulations and the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the shareholder's favor.
2. The Board shall encourage active shareholder participation by allowing shareholders to send in comments or questions about matters taken up during the Annual and Special Shareholders' meetings and shall ensure that the result of the votes taken during the most recent Annual or Special Shareholders' Meeting are disclosed promptly following the said meetings. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be made available on the Company's Website within five (5) business days from the date



of the meeting or within such reasonable period as may be allowed under applicable rules and regulations.

3. The Company may consider adopting an Alternative Dispute Resolution procedure.
4. The Board shall appoint an Investor Relations Officer (IRO) who shall ensure constant engagement with its Shareholders. The IRO shall create an Investor Relations Program which shall have as its objective the dissemination to the Shareholders of all material information on the activities of the Company.

## **B. Other Stakeholders**

The Company shall identify the various Stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability.

1. The Company shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of Stakeholders.
2. The Board shall adopt a transparent framework and process that allows Stakeholders to communicate with the Company and to obtain redress for the violation of their rights. Stakeholders may communicate with the Company through the various Stakeholders touchpoints such as the Investor Relations Office, Office of the Corporate Secretary, Customer Relations Office, the Corporate Communications Group and the Company's Website.
3. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance including but not limited to:
  - 3.1. Health, safety and welfare;
  - 3.2. Training and development; and
  - 3.3. Reward and compensation.
4. The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. The same shall be disseminated to all employees across the Company through trainings to embed them in the Company's culture.
5. The Board shall establish a suitable framework for whistleblowing and ensure its enforcement to allow employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

6. The Company shall recognize and place importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the sustainable growth of the Company, while contributing to the advancement of the society where it operates.
7. The Company shall employ value chain processes that takes into consideration EESG issues and concerns.

## **ARTICLE VII CORPORATE GOVERNANCE MONITORING AND SELF-ASSESSMENT**

- A. The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and Committees. Every three (3) years, the assessment may be supported by an external facilitator.
- B. The Board shall have in place a system that provides the criteria and process to determine the performance of the Board, the individual Directors, and Committees including feedback from Shareholders.
- C. The Corporate Governance and Sustainability Committee shall oversee the evaluation process.
- D. The Company shall ensure that its business processes and practices are consistent with the provisions of this Manual.

This Manual shall be subject to review as the need arises in order to take into account the Company's changing needs, business, technological and environmental conditions, and regulatory requirements. Any recommended changes to the Manual shall be subject to approval by the Board.

## **ARTICLE VIII DISCLOSURE AND TRANSPARENCY**

The Board shall establish policies to ensure the accurate, reliable and timely reporting of material information to the Shareholders and Stakeholders on the Company's financial condition, results and business operations in accordance with the disclosure and reporting requirements of SEC, PSE and other regulatory agencies. This shall include material and reportable non-financial and sustainability issues related to EESG concerns of its business.

The Company may consider adopting globally recognized standards/framework in reporting sustainability and non-financial issues. It shall cause the filing of all required information to the SEC and PSE.

The Board shall ensure that the following are complied with:

- A. Disclosure of all material information which are required under the Revised Disclosure Rules of the PSE and the Securities Regulation Code.
- B. Rules and regulations of the SEC, PSE and other regulatory agencies pertaining to the disclosure of material information.
- C. Prohibition on the Directors, Officers, Management and any other person who are privy to material non-public information to communicate such information to any person, unless the Company shall simultaneously disclose the material non-public information to the SEC and to the PSE. This restriction shall not apply if the disclosure is made to:
  - 1. A person who is duty-bound to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels, banks, financial advisers; and
  - 2. A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating material information to investors, Stakeholders and other interested parties. The Company may include media and analysts' briefings as channels of communication to ensure timely and accurate dissemination of public, material and relevant information to its Stakeholders.

The Company shall have a policy requiring all Directors and Officers to disclose/report to the the Compliance Officer or the Corporate Secretary any sale or acquisition of the Company's shares within three (3) business days from such sale or acquisition.

The Company shall fully disclose all material information on the Directors and Officers to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. This includes their share ownership in the Company, membership in other boards, other executive positions, and attendance of corporate governance trainings.

The Company shall provide a clear disclosure of its policies and procedure for setting the remuneration of Senior Management, as well as the level and structure of the same in the Annual Corporate Governance Report.

The Company shall disclose its policies governing RPTs and other unusual or infrequently occurring transactions. The MRPTs reviewed and approved during any year shall be disclosed in the corresponding Annual Corporate Governance Report.



## **ARTICLE IX COMMUNICATION, EDUCATION AND TRAINING**

### **A. COMMUNICATION**

This Revised Corporate Governance Manual shall be posted in the Company's Website to allow access by any interested party.

The Board shall oversee the dissemination of this Revised Corporate Governance Manual to all employees and related third parties, and shall likewise enjoin compliance.

### **B. EDUCATION AND TRAINING**

In order to ensure that incoming Directors are appropriately apprised of their duties and responsibilities before beginning their Directorships, such Directors shall be requested to attend an orientation program. The orientation program shall include SEC-mandated topics on Company Governance and an introduction to the Company's business, Articles of Incorporation, and Code of Business Conduct and Ethics.

Officers and Senior Management shall likewise be requested to attend an orientation program. This will ensure that incoming Senior Management and Officers are familiar with the Company's business and governance processes.

Each Director and Officer shall be required to attend a training or a seminar every year on Corporate Governance and other topics which may be relevant to the Company. The training program shall ensure that the Directors and Officers are continuously informed of the developments in the business and regulatory environments, including emerging risks and trends relevant to the Company as well as Corporate Governance matters including audit, internal controls, risk management, sustainability and strategy.

## **ARTICLE X PENALTIES FOR NON-COMPLIANCE**

To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Company's Directors, Officers, Management, employees, including the Directors, Officers, Management and employees of subsidiaries and affiliates in case of violation of any of the provision of this Manual:

- A. First Violation - The subject person shall be reprimanded.

B. Second Violation - Suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation.

C. Third Violation - The maximum penalty of removal from office shall be imposed.

The commission of a third violation of this Manual by any Director of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

The Compliance Officer shall be responsible for determining any violation, sending the appropriate notice of violation and conducting a hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

## **ARTICLE XII ADOPTION AND EFFECTIVITY**

This Revised Corporate Governance Manual was adopted by the Board of Directors of the Company on May 14, 2021 and took effect on such date.

**SIGNED:**



**MR. LANCE Y. GOKONGWEI**  
Chairman



**ATTY. GILBERT S. MILLADO, JR.**  
Compliance Officer

SECRETARY'S CERTIFICATE

I, ROSALINDA F. RIVERA, of legal age, Filipino, with office address at the 4<sup>th</sup> Floor, Robinsons Retail Head Office, 110 E. Rodriguez Jr. Ave, Libis, Quezon City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the incumbent and duly appointed Corporate Secretary of ROBINSONS RETAIL HOLDINGS, INC., (the "Corporation") with office address at the 43<sup>rd</sup> Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City.
2. As Corporate Secretary, I have custody of the corporate records of the Corporation including the minutes of the meetings of its Board of Directors.
3. Based on available records, at a meeting of the Board of Directors held on May 14, 2021 during which a quorum was present and acted throughout, the following resolution was unanimously adopted:

"RESOLVED, that the Board of Directors of ROBINSONS RETAIL HOLDINGS, INC. (the "Corporation") hereby approves the revisions to the Corporate Governance Manual and the adoption of such Manual, as revised. This Revised Corporate Governance Manual shall supersede the Manual which was previously approved by the Board on May 12, 2017."

  
Atty. Rosalinda F. Rivera  
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 14 2021 at QUEZON CITY  
affiant exhibited to me her Social Security System ID with no. 33-2484959-1.

Doc No. 334 ;  
Page No. 67 ;  
Book No. XV ;  
Series of 2021.

  
**ATTY. GILBERT S. MILLADO, JR.**

Roll No. 45039  
Notary Public  
Until June 30, 2021  
110 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City  
PTR No. 9270386; January 02, 2020; Quezon City  
IBP No. 100562; January 02, 2020; CALMANA  
TIN No. 166-215-465  
Commission Adm. No. 391 (2019-2020)  
MCLE Compliance VI-0027451; June 24, 2019  
Commission Extended until June 30, 2021  
as per SC ENBANC B.M. No. 3795 12/01/2020