

**THE ORCHARD GOLF & COUNTRY CLUB, INC. REVISED
MANUAL ON CORPORATE GOVERNANCE**
*(Revised in compliance with SEC Memorandum Circular No. 24, series of 2019 and
Memorandum Circular No. 19, series of 2020)*

The Board of Directors, Management, officers and staff of The Orchard Golf & Country Club, Inc. (the "Club") hereby commit themselves to the principles and best practices contained in this Revised Manual on Corporate Governance (the "Manual"), and acknowledge that the same shall guide the attainment of their corporate goals.

1. OBJECTIVES

- 1.1 This Manual shall institutionalize the principles of good corporate governance in the entire Club.
- 1.2 The Board of Directors, Management, employees, and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the Club as soon as possible.

2. BOARD GOVERNANCE

- 2.1 For purposes of this Manual, "Corporate Governance" shall refer to the framework of rules, systems and processes in the Club that governs the performance by the Board and Management of their respective duties and responsibilities to shareholders and other stakeholders, which include, among others, customers, employees, suppliers, financiers, government, and the community in which the Club operates.
- 2.2 The Board of Directors (the "Board") shall be primarily responsible for the governance of the Club. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

3. BOARD OF DIRECTORS

3.1 Composition of the Board

- (a) The Corporate Powers of the Club shall be exercised, its operations managed, and its properties controlled by the Board. The Board shall be composed of such number of directors as may be provided in the Articles of Incorporation and By-Laws of the Club, who shall have all the qualifications and none of the disqualifications set forth in the Articles of Incorporation and the By-Laws, this Manual, the Corporation Code, the Securities Regulation Code, and such other relevant laws, rules and regulations.
- (b) The Club shall have at least two (2) independent directors or such independent directors as shall constitute at least twenty percent (20%) of the members of the Board, whichever is lesser.

3.2 *Multiple Board Seats*

- (a) The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number shall take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.
- (b) The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve shall not be compromised.
- (c) The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Club's industry/sector. The Board shall ensure that it has an appropriate mix of competence and expertise, and that all directors remain qualified for their positions individually and collectively to enable it to fulfill its roles and responsibilities and respond to the needs of the Club's operations based on the evolving business environment and strategic direction.
- (d) The Board may consider the adoption of policies relating to the training of directors, including an orientation program for first-time directors.
- (e) A director shall notify the Board before accepting a directorship in another company.

3.3 *The Chairman and Chief Executive Officer*

- (a) The roles of Chairman and CEO shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chairman and CEO upon their election.
- (b) If the positions of Chairman and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.
- (c) The duties and responsibilities of the Chairman in relation to the Board may include, among others, the following:
 - (i) Ensure that meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;
 - (ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO,

Management and the directors, which shall focus on strategic matters, including the overall risk appetite of the Club, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

- (iii) Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- (iv) Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- (v) Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- (vi) Assure the conduct of proper orientation for first-time directors and continuing training opportunities for all directors;
- (vii) Make sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary; and
- (viii) Maintain qualitative and timely lines of communication and information between the Board and Management.

3.4 Term of Office

- (a) Each director shall hold office for such term or period as may be provided in the By-Laws of the Club.
- (b) Each independent director shall be qualified to be elected and hold office as such as may be prescribed by relevant laws, rules and regulations.

3.5 Qualifications of Directors

The following shall be the qualifications of a director:

- (a) He or she must be a holder of at least one (1) share of stock of the Club;
- (b) He or she shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- (c) He or she shall be at least twenty-one (21) years old;
- (d) He or she shall have proven to possess integrity and probity; and
- (e) He or she shall be assiduous.

3.6 Disqualifications of Directors

- (a) Permanent Disqualification. The following shall be grounds for the permanent disqualification of a director:

- (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission ("SEC") or any court or administrative body of competent jurisdiction from (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities;
- (iii) The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, the Securities Regulation Code or any other law administered by the SEC or the Bangko Sentral ng Pilipinas ("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 currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
- (iv) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (v) Any person who has been adjudged by final judgment or order the SEC, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC, BSP, or any of its rule, regulation or order;
- (vi) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Club;
- (vii) Any person judicially declared as insolvent;
- (viii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (e) above; and

- (ix) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.
- (b) Temporary Disqualification. The Board may temporarily disqualify a director for any of the following reasons:
 - (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations, as they may be amended from time to time. The disqualification shall be in effect as long as the refusal persists;
 - (ii) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. The disqualification shall apply for purposes of the succeeding election;
 - (iii) Dismissal or termination or cause as director of any corporation covered by the Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
 - (iv) If the beneficial equity ownership of an independent director in the Club or its subsidiaries or affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
 - (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

3.7 Independent Directors

For purposes of this Manual, an Independent Director shall be understood to mean a person who:

- (a) Is not, or has not been a senior officer or employee of the covered company, unless there has been a change in the controlling ownership of the company;
- (b) Is not, and has not been in the two (2) years immediately preceding the election, a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;
- (c) Has not been appointed in the covered 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 two (2) years immediately preceding his election;

- (d) Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;
- (e) Is not a relative of a director, officer or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- (f) Is not acting as a nominee or representative of any director of the covered company or any of its related companies;
- (g) Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal shareholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- (h) Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the two (2) years immediately preceding the date of his election;
- (i) Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment within the two (2) years immediately preceding the date of his election;
- (j) Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and
- (k) Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

3.7 *Responsibilities, Duties and Functions of the Board*

- (a) **General Responsibility.** The Board shall have the following general responsibilities:

- (i) Foster the long-term success of the Club, and to sustain its competitiveness in a manner consistent with its corporate objectives and the best interests of its shareholders and other stakeholders;
 - (ii) Formulate the Club's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.
 - (iii) Recognize the importance on the interdependence between business and society, and promote mutually beneficial relationships that allow the Club to grow its business, while contributing to the advancement of the society where it operates; and
 - (iv) Develop and approve the Club's business objectives and strategies, and monitor their implementation, in order to carry out its objectives and to sustain the Club's continuing viability and strength.
- (b) Duties and Functions. To ensure a high standard of best practices for the Club, its shareholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:
- (i) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, appoint competent, professional, honest and highly motivated management officers, and adopt an effective succession planning program for Management;
 - (ii) Provide sound strategic policies and guidelines to the Club on major capital expenditures, establish programs that can sustain its long-term viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
 - (iii) Ensure the Club's faithful compliance with all applicable laws, regulations and best business practices;
 - (iv) Establish and maintain an investor relations program that will keep the shareholders informed of important developments in the Club, and if feasible, appoint the Club's CEO or Chief Finance Officer to exercise oversight responsibility over such program;
 - (v) Identify the Club's stakeholders in the community in which it operates, or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them, establish clear policies and programs to provide a mechanism on the fair treatment and protection of shareholders, and adopt a transparent framework and process that allow shareholders to communicate with the Club and to obtain redress for violations of their rights;
 - (vi) Provide full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly, on the acquisition or disposal of significant

assets, which could adversely affect the viability or the interest of shareholders and other stakeholders;

- (vii) Adopt a system of check and balance within the Board, conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times, and a continuing review of the Club's internal control system in order to maintain its adequacy and effectiveness;
- (viii) Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Club to anticipate and prepare for possible threats to its operational and financial viability;
- (ix) Provide a clear disclosure of its policies and procedures for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report;
- (x) Formulate and implement policies and procedures that will ensure the integrity and transparency of related party transactions between and among the Club and its parent company, joint ventures, subsidiaries, associates, affiliates, major shareholders, officers and directors, including their spouses, children and dependent siblings and parents, and interlocking director relationships by members of the Board;
- (xi) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- (xii) Establish and maintain an alternative dispute resolution system in the Club that can amicably settle conflicts or differences between the Club and its shareholders, and the Club and third parties, including the regulatory authorities.
- (xiii) Meet at such times or frequency as may be needed, ensure that the minutes of such meetings shall be duly recorded, and ensure that independent views during Board meetings are encouraged and given due consideration;
- (xiv) Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws, and in accordance with existing laws, rules and regulations;
- (xv) Appoint a Compliance Officer who shall have the rank of at least a vice-president;
- (xvi) Determine and establish the Club's vision and mission, its strategic objectives, and the policies and procedures that may guide and direct the activities of the Club, including without limitation, such measures as will reasonably ensure the continued growth of the Club at times of crises.
- (xvii) Adopt a Board Charter that formalizes and states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties, and which shall serve as a guide to the directors in the performance of their functions;
- (xviii) Ensure compliance by the Club with all relevant laws, regulations and codes of best business practices; and
- (xix) Such other duties and functions as may be provided in the By-Laws of the Club.

3.8 *Specific Duties and Responsibilities of a Director*

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

(b) A director shall observe the following norms of conduct:

(i) Conduct fair business transactions with the Club, and ensure that his personal interest does not conflict with the interests of the Club.

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

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

(ii) Devote time and attention necessary to properly and effectively perform his duties and functions.

A director shall devote sufficient time to familiarize himself with the Club's business. He shall be constantly aware and be knowledgeable of the Club's operations to enable him to contribute to the Board's work. He shall attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

(iii) Act judiciously, in good faith, with due diligence and care, and in the best interest of the Club and its stakeholders, observing high ethical standards in the performance of his or her duties.

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

(iv) Exercise independent judgment.

A director shall view each problem or situation objectively. If a disagreement with other directors arises, he shall carefully evaluate and explain his position. He shall not be afraid to take an unpopular position. Corollarily, he shall support plans and ideas that he thinks are beneficial to the Club.

A director with a material or potential interest in any transaction affecting the Club shall fully disclose his or her adverse interest, abstain from taking part in the deliberations for the same, and recuse from voting on the approval of the transaction.

- (v) **Have a working knowledge of the statutory and regulatory requirements that affect the Club, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of relevant regulatory agencies.**

A director shall keep abreast with industry developments and business trends in order to promote the Club's competitiveness.

- (vi) **Observe confidentiality.**

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

- (vii) **Ensure the continuing soundness, effectiveness and adequacy of the control environment and the system of checks and balances established by the Board.**

- (viii) **Attend the orientation program for first-time directors and relevant annual continuing training program for all directors.**

First-time directors should be properly oriented upon joining the Board in order to ensure that new members are appropriately apprised of their duties and functions before beginning with their directorships. The orientation program shall cover mandated topics on corporate governance and an introduction to the Club's business, articles of incorporation, by-laws and code of conduct.

All directors should attend the annual continuing training programs to be abreast of the developments in the business and regulatory environments.

- (ix) **Perform such other duties and functions as may be provided in the By-Laws of the Club.**

3.9 Internal Control Responsibilities of the Board

- (a) **Control Environment.** The control environment of the Club consists of:

- (i) **The Board which ensures that the Club is properly and effectively managed and supervised;**
- (ii) **A Management that actively manages and operates the Club in a sound and prudent manner;**
- (iii) **The organizational and procedural controls supported by effective management information and risk management reporting systems; and**
- (iv) **An independent audit mechanism to monitor the adequacy and effectiveness of the Club's governance, mechanism and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of**

operations, the safeguarding of assets, and compliance with laws, rules and regulations and contracts.

- (b) **Minimum Internal Control Mechanisms.** The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include:
 - (i) Definition of the duties and responsibilities of the CEO, who is ultimately accountable for the Club's organizational and operational controls;
 - (ii) Selection of the person who possesses the ability, integrity and expertise essential to the position of the CEO;
 - (iii) Evaluation of proposed senior management appointments;
 - (iv) Selection and appointment of qualified and competent management offices; and
 - (v) Review of the Club's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- (c) **Internal Audit System.** The Club shall establish an internal audit system that can reasonably assure the Board, Management and shareholders that its key organizational and operational controls are faithfully complied with. The Board shall appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

3.10 Board Meetings and Quorum Requirement

- (a) The members of the Board shall attend its regular and special meetings in person or through teleconferencing or videoconferencing conducted in accordance with the rules and regulations of the SEC.
- (b) 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 independent director in all its meetings.
- (c) To monitor the directors' compliance with the attendance requirements, the Club shall submit to the SEC, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meeting. The certification shall be submitted through SEC Form 17-C or in a separate filing.

3.11 Remuneration of Officers

- (a) The levels of remuneration of the Club shall be sufficient to be able to attract and retain the services of qualified and competent officers. A portion of the remuneration of

executive officers may be structured or be based on corporate and individual performance.

- (b) The Club shall establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual officers.
- (c) The Club's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.
- (d) To protect the funds of the Club, the SEC may, in exceptional cases, e.g., when the Club is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

4. BOARD COMMITTEES

The Board shall constitute the proper committees to assist it in good corporate governance.

4.1 The Audit Committee

- (a) The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chairman of the Audit Committee shall be an independent director.
- (b) The Audit Committee shall have the following functions:
 - (i) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations, provided that, the Audit Committee Charter shall include the responsibility of the Audit Committee to assess the integrity and independence of external auditors, to exercise effective oversight in reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements, and to review and monitor the external auditor's suitability and effectiveness on an annual basis;
 - (ii) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Club. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
 - (iii) Perform oversight functions over the Club's internal and external auditors. It shall ensure that the internal and external auditors act independently from each other,

and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

- (iv) Review the annual internal audit plan to ensure its conformity with the objectives of the Club. The plan shall include the audit scope, resources and budget necessary to implement it;
- (v) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- (vi) Organize an internal audit department, and consider the appointment of an independent internal auditor, and the terms and conditions of its engagement and removal;
- (vii) Recommend the approval of the Internal Audit Charter, which formally defines the responsibilities, powers and authority of the internal audit department, the audit plan of the internal audit department, as well as oversees the implementation of the Internal Audit Charter;
- (viii) Oversee the internal audit department and recommends the appointment and removal of an internal audit head as well as his qualifications, and grounds for appointment and removal. The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services, if applicable;
- (ix) Monitor and evaluate the adequacy and effectiveness of the Club's internal control system, including financial reporting control and information technology security;
- (x) Review the reports submitted by the internal and external auditors;
- (xi) Review the quarterly, half-year and annual financial statements before their submission the Board, with particular focus on the following matters: (i) any change/s in accounting policies and practices; (ii) major judgment areas; (iii) significant adjustments resulting from the audit; (iv) going concern assumptions; (v) compliance with accounting standards; and (v) compliance with tax, legal and regulatory requirements.
- (xii) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- (xiii) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Club's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with the duties of the external auditor as such, or may pose a threat to the external auditor's independence. The non-audit work, if allowed, shall be disclosed in the Club's annual report;
- (xiv) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. The Internal Auditor shall functionally report to the Audit Committee. The Audit Committee shall ensure

that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

- (xv) Review and pre-approve all audit plans, scope and frequency within one (1) month before the conduct of the internal and external audit;
- (xvi) Elevate to international standards the accounting and auditing processes, practices and methodologies employed by the Club, and develop the following in relation to this reform: (i) a definitive timetable within which the accounting system of the Club will be one hundred percent (100%) International Accounting Standard compliant; and (ii) an accountability system that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- (xvii) Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Club through a step-by-step procedures and policies handbook that will be used by the Club;
- (xviii) In case of the absence of a Related Party Transactions (RPTs) Committee, evaluate all RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Club are misappropriated or misapplied;
- (xix) In case of the absence of an RPT Committee:
 - (1) Determine any potential reputational risk issues that may arise as a result of or in connection with RPTs;
 - (2) Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on potential and/or actual conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
 - (3) Report to the Board 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;
 - (4) Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
 - (5) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.
- (xx) Perform the functions of the Board Risk Oversight Committee, in the absence thereof; and
- (xxi) Such other functions as may be delegated to it by the Board.

4.2 *The Corporate Governance Committee*

- (a) The Corporate Governance Committee shall be composed of at least three (3) directors, one of whom shall be an independent director. The chairman of the Corporate Governance Committee shall be an independent director.
- (b) The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to the Compensation or Remuneration Committee. It is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.
- (c) The Corporate Governance Committee shall have the following functions:
 - (i) Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Club's size, complexity of operations and business strategy, as well as its business and regulatory environment;
 - (ii) Oversee the periodic performance evaluation of the Board and its committees as well as Management, and conducts an annual evaluation of the said performance;
 - (iii) Ensure that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
 - (iv) Recommend the continuing education or programs for directors, assignment of tasks or projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance, and propose and plan relevant training for the members of the Board;
 - (v) Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
 - (vi) Determine the nomination and election process for the Club's directors and defines the general profile of Board members that the Club may need, and ensure that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election;
 - (vii) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing remuneration packages of corporate officers, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Club's culture, strategy and control environment;

- (viii) Designate the amount of remuneration, which shall be in a sufficient level to attract and retain officers who are needed to run the Club successfully;
- (ix) Establish a formal and transparent procedure for developing a policy on executive remuneration, and for fixing the remuneration packages of individual officers;
- (x) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which will, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- (xi) Provide in the Club's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year; and
- (xii) Formulate a Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives, and compliance by concerned personnel with all statutory requirements that must be periodically met in their respective posts.

4.3 *The Nomination Committee*

- (a) The Nomination Committee shall be composed of three (3) members, all of whom shall be directors of the Club. The Chairman of the Nomination Committee shall be an independent director.
- (b) The Nomination Committee shall call for and accept nominations for director, review and evaluate the qualifications of all persons nominated to the Board, and perform such other functions and responsibilities as may be prescribed in the By-Laws.

4.4 *The Election Committee*

- (a) The Election Committee shall be composed of five (5) members, all of whom shall have the qualifications prescribed in, and shall be appointed in accordance with the By-Laws of the Club. To ensure the independence of the Election Committee, all of its members shall not be eligible for nomination to the Board.
- (b) The Election Committee shall oversee the conduct of the election for directors, rule on the validity of proxies and appreciation of ballots, act on all matters that will ensure the orderly conduct of the election except those functions pertaining to the Nomination Committee, and perform such other functions as may be prescribed in the By-Laws.

4.5 Other Standing Committees

- (a) All existing standing committees shall carry on their respective duties and functions as provided in the By-Laws of the Club.
- (b) Unless already prescribed in the By-Laws, each standing committee shall have a Committee Charter stating in plain terms its purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters shall provide the standards for evaluating the performance of the committees and its members.

5. CORPORATE SECRETARY AND COMPLIANCE OFFICER

5.1 The Corporate Secretary

- (a) The Corporate Secretary, who shall be a Filipino citizen and a resident of the Philippines, is an officer of the Club.
- (b) The Corporate Secretary shall have the following duties and responsibilities:
 - (i) Assist the Board and the Board Committees in the conduct of their meetings;
 - (ii) Be responsible for the safekeeping and preservation of the integrity of the minutes of meetings of the Board and its committees, as well as other official records of the Club;
 - (iii) Be loyal to the mission, vision and objectives of the Club;
 - (iv) Work fairly and objectively with the Board, Management, shareholders and other stakeholders;
 - (v) Have appropriate administrative and interpersonal skills;
 - (vi) If he is not at the same time the Club's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
 - (vii) Have a working knowledge of the operations of the Club;
 - (viii) Inform the members of the Board, in accordance with the By-Laws, of the agenda of their meetings, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
 - (ix) Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so; and
 - (x) Ensure that all Board procedures, rules and regulations are strictly followed by the members.

5.2 The Compliance Officer

- (a) The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board.
- (b) The Compliance Officer shall perform the following functions:
 - (i) Monitor compliance with the provisions and requirements of this Manual and the rules and regulations of regulatory agencies, and, if any violations are found, report the matters to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties, and the adoption of measures to prevent a repetition of the violation;
 - (ii) Appear before the SEC when summoned in relation to compliance with this Manual;
 - (iii) Issue a certification every January 30 of the year on the extent of the Club's compliance with this Manual for the completed year, and, if there are any deviations, explain the reason for such deviation;
 - (iv) Determine non-compliance with and violations of this Manual, and recommend penalties therefor for the review and approval of the Board;
 - (v) In coordination with Management, identify, monitor and control compliance risks; and
 - (vi) Such other duties and functions as may be designated by the Board.

6. SUPPLY INFORMATION AND COMMUNICATION PROCESS

6.1 *Supply Information*

- (a) To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.
- (b) As reliance on information volunteered by Management would not be sufficient in all circumstances, and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities, the members of the Board shall be given independent access to Management and the Corporate Secretary.
- (c) The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.
- (d) The members, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Club's expense.

6.2 *Communication Process*

- (a) The Manual shall be available for inspection by shareholders at reasonable hours on business days and posted on the Club's website.
- (b) All directors, executive officers, division and department heads are hereby tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to enjoin compliance with its provisions.
- (c) An adequate number of printed copies of this Manual shall be reproduced under the supervision of the Human Resources Department, with a minimum of at least one (1) hard copy for each department.

7. **ACCOUNTABILITY AND AUDIT**

7.1 *Accountability to Shareholders*

- (a) The Board is primarily accountable to the shareholders. The Board shall provide them with a balanced and comprehensible assessment of the Club's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.
- (b) Management shall provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.
- (c) Management shall formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
 - (i) The extent of its responsibility in the preparation of the financial statements of the Club, with the corresponding delineation of the responsibilities that pertain to the external auditor, clearly explained;
 - (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Club for the benefit of all shareholders and other stakeholders shall be maintained;
 - (iii) On the basis of the approved audit plans, internal audit examinations shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Club's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules and regulations;
 - (iv) The Club shall consistently comply with the financial reporting requirements of the SEC;

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

7.2 *Appointment of External Auditor*

- (a) The Board shall, after consultations with the Audit Committee, recommend to the shareholders an external auditor duly accredited by the SEC, who shall undertake an independent audit of the Club, and provide an objective assurance on the manner 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 Club. Non-audit work may be given to the external auditor, provided such non-audit work does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.
- (b) If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Club's annual and current reports. The report shall include a discussion of any disagreement between him and the Club on account principles or practices, financial disclosures or audit procedures which the former auditor and the Club failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Club to the external auditor before its submission.
- (c) If the external auditor believes that any statement made in an annual report, information statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

8. SHAREHOLDERS' RIGHTS AND PROTECTION OF MINORITY SHAREHOLDERS' INTERESTS

8.1 *Rights of Shareholders*

- (a) The right to vote on all matters that require their consent or approval. The Board shall respect the rights of all shareholders to vote, including:

- (i) Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the provisions of the Corporate Code, and the Club's Articles of Incorporation and By-Laws.
 - (ii) Cumulative voting shall be used in the election of directors.
 - (iii) A director shall not be removed without cause if it will deny minority shareholders of their representation in the Board.

- (b) Preemptive right to all stock issuances of the Club. All shareholders shall have preemptive rights, unless the same is denied in the Articles of Incorporation of the Club, or an amendment thereto. They shall have the right to subscribe to the capital stock of the Club as provided in the Articles of Incorporation.

- (c) Right to inspect corporate books and records. All shareholders shall be allowed to inspect corporate books and records, including minutes of Board meetings and stock registries, in accordance with the Corporation Code and the By-Laws of the Club. All shareholders shall likewise be furnished with annual reports and financial statements.

- (d) Right to information. To ensure that shareholders have access to information:
 - (i) All shareholders shall be provided, upon request, with periodic reports disclosing personal and professional information about the directors and officers of the Club, as well as certain matters such as their respective holdings of Club shares, dealings with the Club, relationships among directors and key officers, and the aggregate compensation of the directors and officers of the Club.
 - (ii) The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the same are for legitimate business purposes.

- (e) Appraisal right. All shareholders shall have appraisal rights or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 80 of the Revised Corporation Code and the Club's By-Laws, under any of the following circumstances:
 - (i) In case 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 respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
 - (ii) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the properties and assets of the Club as provided in the Corporation Code; and
 - (iii) In case of merger or dissolution.

8.2 Responsibilities of the Board of Directors

- (a) The Board shall be transparent and fair in the conduct of the annual and special shareholders' meetings of the Club. The shareholders shall be encouraged to personally attend such meetings or via remote communication. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the Club's 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 shareholders' favor.
- (b) It is the duty of the Board to promote the rights of shareholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.
- (c) The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the shareholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information shall be made available to the shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.
- (d) Although all shareholders shall be treated equally or without discrimination, the Board shall give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Club.

9. GOVERNANCE SELF-RATING SYSTEM

- 9.1 The Board may create an internal self-rating system that can measure the performance of the Board and of Management in accordance with the criteria provided for in this Manual.
- 9.2 The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Club's annual report.

10. DISCLOSURE AND TRANSPARENCY

- 10.1 All material information about the Club which could adversely affect its viability or the interests of its shareholders and other stakeholders shall be publicly and timely disclosed. Such information shall include, among others, earning results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of Management. The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate stock exchange mechanisms and submissions to the SEC for the interest of its shareholders and other stakeholders.
- 10.2 The Board shall establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.

10.3 The Board shall adopt a policy requiring all directors and officers to disclose/report to the Club any dealings in the Club's shares by the said directors and officers within five (5) business days.

11. MONITORING AND ASSESSMENT

11.1 The Audit Committee and the Corporate Governance Committee, and any committee created pursuant to the provisions of this Manual, shall report regularly to the Board.

11.2 The Compliance Officers shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided in this Manual.

11.3 The establishment of such evaluation system, including the features thereof, shall be disclosed in the annual report of the Club or in such form of report applicable to the Club. The adoption of such performance evaluation system shall be covered by Board approval.

11.4 All business processes and practices being performed within any department or business unit of the Club which are not consistent with any provision of this Manual shall be revoked unless upgraded to the compliant extent.

12. REPORTORIAL OR DISCLOSURE SYSTEM

12.1 The reports or disclosures required pursuant to this Manual shall be prepared and submitted to the SEC by the responsible committee or officer, or through the Compliance Officer.

12.2 All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, changes in the Board, related party transactions, shareholdings of directors and changes of ownership.

12.3 Other information that shall always be disclosed includes remuneration and compensation, including stock options, of all directors and senior management, and off balance sheet transactions.

12.4 All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

12.5 The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of all stakeholders.

13. PENALTIES FOR NON-COMPLIANCE

13.1 Penalties. To enforce strict compliance and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on any director, officer or employee of the Club found to have violated any provision hereof:

- (a) For the first violation, the offending director, officer or employee shall be reprimanded.
- (b) For the second violation, the offending party shall be suspended for a period to be determined by the Board, depending on the gravity of the offense.
- (c) For the third violation, the offending party may be removed from office.

13.2 Directors. The commission of a third violation by a director shall be sufficient cause for his removal from the Board.

13.3 Compliance Officer. The Compliance Officer shall determine, through notice and hearing, violations of this Manual, and shall recommend to the Board, for review and approval, the imposable penalty therefor.

Signed on this 20th day of January, 2022.



VICENTE R. SANTOS
Chairman of the Board



MARIZA S. TAN
Compliance Officer