



REVISED MANUAL ON CORPORATE GOVERNANCE OF PH RESORTS GROUP HOLDINGS, INC.

The Board of Directors and Management of PH RESORTS GROUP HOLDINGS, INC. (the "Corporation") hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

ARTICLE I. DEFINITION OF TERMS

- a) Corporate Governance — the framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, Government and community in which it operates;
- b) Board of Directors — the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties;
- c) Exchange — an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;
- d) Management — the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation;
- e) Independent Director — a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;
- f) Executive Director — a director who is also the head of a department or unit of the corporation or performs any work related to its operation;
- g) Non-executive Director — a director who is not the head of a department or unit of the corporation nor performs any work related to its operation;
- h) Non-audit work — the other services offered by an external auditor to a corporation that are not directly related and relevant 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;
- i) Internal control — the system established by the Board of Directors and Management for the accomplishment of the corporation's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;
- j) Internal control system — the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed;

- k) Internal audit— an independent and objective assurance activity designed to add value to and improve the corporation’s operations, and help it 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;
- l) Internal audit department — a department or unit of the corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the corporation’s operations;
- m) Internal auditor — the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

ARTICLE II. OBJECTIVE

In accordance with the memorandum circular of the Securities and Exchange Commission, the Board of Directors of PH RESORTS GROUP HOLDINGS, INC. has approved and adopted this Revised Manual on Corporate Governance (“Manual”) on 9 July 2020. This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and 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 organization as soon as possible.

ARTICLE III. COMPLIANCE SYSTEM

The Compliance System shall insure that the corporate principles and best practices shall at all times be maintained for the attainment of the corporate goals and objectives. To this end, the corporate governance principles and guidelines contained in this Manual must be adhered to by all concerned, starting with the Board of Directors, to the Board Committees, the Corporate Officers and the Auditors, to be monitored by the Compliance Officer.

A. Chairman and CEO

The roles of Chair and CEO should, 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 should be made between the Chair and the CEO upon their election.

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

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

- a. Ensure that the meetings of the Board are held in accordance with the By-Laws

- or as the Chair may deem necessary.
- b. 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;
 - c. Maintain qualitative and timely lines of communication and information between the Board and Management; and
 - d. Make sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary.

B. Compliance Officer

1. To insure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer (CO) who shall hold the position of a Senior Vice President or its equivalent. The CO should not be a member of the Board of Directors and should annually attend a training on corporate governance. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer. The CO shall report directly to the Chairman of the Board.
2. The CO shall perform the following duties:
 - a. Monitor compliance with the provisions and requirements of this Manual, as well as rules and regulations of pertinent regulatory agencies.
 - b. Appear before the Securities and Exchange Commission upon summon on similar matters that need to be clarified by the same.
 - c. Determine violation/s of the Manual and of rules and regulations of government regulatory agencies, report said violations to the Board, and recommend penalty for violation, as well as measure to prevent future violations, for further review and approval of the Board.
 - d. Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same.
 - e. Identify, monitor and control compliance risks.
 - f. Ensure proper onboarding of new directors
 - g. Ensure the integrity and accuracy of all documentary and electronic submissions as may be allowed under SEC rules and regulations.
 - h. Collaborate with other departments within the Corporation to properly address compliance issues, which may be subject to investigation.
 - i. Ensure the attendance of board members and key officers in relevant trainings; and
 - j. Perform such other duties and responsibilities as may be provided by the Board.
3. The appointment of the compliance officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C.

C. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors. It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

1. **Composition of the Board.**
The Board of Directors shall be composed of seven (7) members, at least two (2) of whom shall be independent directors. The composition of the board must take into account diversity in age, ethnicity, culture, skills, competence and knowledge. This includes the two (2), or such other number as may be required by law, independent directors.
2. **General Responsibility**
A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.
3. **Specific Duties and Functions of the Board**
The Board shall ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders. In addition to the duties and functions provided in the rules and regulations as well as the Corporation's By-Laws, the Board shall:
 - a. Install a process of selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.
 - b. Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives.
 - c. Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices.
 - d. Identify the Corporation's major stockholders and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program.
 - e. Adopt a system of internal checks and balances. The Board shall also conduct a regular review of the effectiveness of the system to ensure the integrity of the decision-making and reporting processes and to maintain its adequacy and effectiveness.
 - f. Establish an Enterprise Risk Management Framework to identify key risk areas and key performance indicators and monitor these factors with due diligence.
 - g. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions.
 - h. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted.
 - i. Keep Board authority within the powers of the institution as prescribed in the



Articles of Incorporation and By-Laws, and in existing laws, rules and regulations.

- j. Constitute an Audit Committee, Nomination Committee, Compensation and Remuneration Committee, and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
 - k. Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders and the Corporation and third parties.
 - l. Appoint a Compliance Officer with the rank of vice president or equivalent who shall report directly to the Chairman of the Board.
 - m. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets, and Management's overall performance.
4. Duties and Responsibilities of a Director
- a. Conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;
 - b. Devote time and attention necessary to properly discharge his duties and responsibilities;
 - c. Except for justifiable cause such as illness, death in the family, or injury, an independent director shall always attend Board meetings, Unless otherwise provided in the By-Laws, the absence of an independent director shall not affect the quorum requirement;
 - d. Act judiciously;
 - e. Exercise independent judgment;
 - f. Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies;
 - g. Observe confidentiality;
 - h. Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment; and
 - i. Notify the Board before accepting a directorship in another Company. Non-executive directors should not concurrently serve as directors to more than ten (10) public companies and/or registered issuers. However, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers if the director also sits in at least three (3) publicly listed companies.

D. Board Committees

To aid in complying with the principles of good corporate governance, the Board shall

constitute Committees.

1. Nomination Committee

The Board shall create a Nomination Committee which shall have at least three (3) voting (one of whom must be independent) directors. .

1.1 It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the following qualifications and disqualifications:

1.1.1 Qualifications

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

1.1.2 Disqualifications

Grounds for Permanent Disqualification from Membership in the Board of Directors:

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

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

- c. Any person convicted by final judgment or order by a competent judicial or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation,

perjury or other fraudulent acts;

- d. Any person who has been adjudged by final judgment or order of the Commission, or a 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, the Securities Regulation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or the BSP;
- e. Any person judicially declared to be insolvent;
- f. Any person finally found guilty by 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
- g. Conviction 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; and
- h. Other grounds as the SEC may provide pursuant to the provisions of the Revised Corporation Code, the Securities Regulation Code and other related laws.

1.1.3 Any of the following shall be a ground for the temporary disqualification of a director:

- a. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- b. Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his/her 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;
- c. Dismissal/termination for cause as in another corporation covered by the Code of Corporate Governance. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- d. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with; and
- e. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

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.

1.2 In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects

within the realm of good corporate governance at all times.

1.3 The Nomination Committee shall adopt guidelines to determine the number of directorships that members of the Board can hold concurrently, the optimum number of which shall depend on the capacity of a director to perform his duties diligently as well as the following guidelines:

- a. The nature of the business of the Corporations which he is a director;
- b. Age of the director;
- c. Number of present directorships/active memberships and officer in other corporations or organizations; and
- d. Possible conflict of interest

1.4 The Chief Executive Officer and other executive directors shall be covered by a lower indicative limit for membership in other Boards. The same low limit shall apply to independent or non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

2. Compensation and Remuneration Committee

2.1 The Compensation or Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.

2.2 Duties and Responsibilities

- a. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of directors and corporate officers, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.
- b. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the corporation successfully.
- c. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
- d. Disallow any director to decide his or her own remuneration.
- e. Provide in the Corporation's annual reports, information and proxy statements 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.
- f. Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

In the absence of such Personnel Handbook, the Committee shall cause the development of such, covering the same parameters of governance stated above.

3. Audit Committee

3.1 The audit committee shall be composed of at least three (3) qualified non-executive directors, the majority of whom, should be independent directors. Each member shall have adequate understanding at least or competence at most of the corporation's financial management systems and environment. The chair of the Audit Committee shall be an independent director and should not be the Chairman of the Board or any other committees..

3.2 Duties and Responsibilities

- a. Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including financial reporting requirements of the Securities and Exchange Commission.
- b. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management.
- c. Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.
- d. Perform direct interface functions with the internal and external auditors and
 - i. Ensure that the external and internal auditors act independently from each other, and that both are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions.
 - ii. Discuss with the external auditor, prior to the start of its audit, the nature, scope, and expenses of said audit.
 - iii. Ensure that the work of the internal auditor shall be free from interference of outside parties.
 - iv. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders;
- e. Review the reports submitted by the internal and external auditors.
- f. Review the quarterly, half year and financial statements before their submission to the Board, with particular focus on the following matters:
 - i. Any change/s in accounting policies and practices
 - ii. Major judgmental areas
 - iii. Significant adjustments resulting from the audit
 - iv. Going concern assumptions
 - v. Compliance with accounting standards
 - vi. Compliance with tax, legal and regulatory requirements
- g. Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:

- i. A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant.
 - ii. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- h. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the corporation through a step-by-step rules, procedures, and policies handbook for the benefit of all stockholders and other stakeholders, in accordance with the following guidelines:
- i. The extent of responsibility in the preparation of the financial statements, with the corresponding delineation of responsibilities that pertain to the external auditor, should be clearly explained.
 - ii. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation should be maintained for the benefit of all stockholders and other stakeholders.
 - iii. Based on approved audit plans, the internal audit examination should evaluate the adequacy and effectiveness of control that covers the Corporation's governance, operations, and information systems and compliance with contracts and rules and regulations.
- i. Evaluate on an ongoing basis existing relations between and among businesses and counterparts to ensure that all related parties are continuously identified, RPTs are monitored, the RPT registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa);
 - j. Perform the functions of a Board Risk Oversight Committee, in the absence thereof; and
 - k. Meet internally with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meet with the head of the IA.

4. Corporate Governance Committee

The Corporate Governance Committee (CG Committee) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It should be composed of at least three (3) directors, majority of whom should be independent directors, including the Chairperson. It has the following duties and functions among others:

- a. 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 Company's size, complexity of operations and business strategy, as well as business and regulatory environments;
- b. Oversees the periodic performance evaluation of the Board and its committees as well as the executive management, and conducts an annual evaluation of the said performance;
- c. 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;

- d. Recommend the continuing education/ training programs for directors, assignment of tasks/ projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- e. Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f. Propose and plan relevant training for the members of the Board.
- g. Determine the nomination and election process for the corporation's directors and define the general profile of board members that the corporation may need, and ensure that the appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election; and
- h. Establish a formal and transparent procedure for determining the remuneration of directors and officers that is consistent with the corporation's culture and business strategy as well as the business environment in which it operates.

5. **Board Risk Oversight Committee**

The BROC is responsible for the oversight of the Company's Enterprise Risk Management (ERM) System to ensure its functionality and effectiveness. The BROC should be composed of at least three (3) directors, the majority of whom should be independent directors, including the Chairperson. At least one member of the committee must have relevant knowledge and experience on risk and risk management. It has the following duties and responsibilities, among others:

- a. Develop a formal ERM plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals and objectives, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- b. Oversee the implementation of the ERM plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC must regularly revisit defined risk management strategies, look for emerging or changing material exposures, and keep abreast of significant developments that seriously impact the likelihood of harm or loss;
- d. Advise the Board on its risk appetite levels and risk tolerance limits;
- e. Review at least annually the corporation'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 major events which may have occurred in the corporation;

- f. 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 to impact the performance and stability of the corporation and its stakeholders;
- g. Oversee the Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- h. Report to the Board on a regular basis, or as deemed necessary, the corporation's material risk exposures, the actions taken to reduce the risks, and recommends further actions or plans, as necessary.

6. Related Party Transactions (RPT) Committee

The RPT Committee is responsible for the oversight of the related and non-related party transactions entered into by the corporation. The RPT Committee should be composed of at least three (3) directors, all of whom must be independent directors. It has the following duties and responsibilities, among others:

- a. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions;
- b. Set out the general requirements, responsibilities, and the specific policies, procedures and disclosures to be followed as Related Party Transactions occur;
- c. Ensure that every Related Party Transaction is conducted in a manner that will protect the corporation and its stakeholders from conflict of interest which may arise between the corporation and its Related Parties;
- d. Ensure that every Related Party Transaction is at arm's length, with terms that are fair and inure to the best interest of the corporation, its stakeholders, subsidiaries and affiliates;
- e. Conduct proper periodic review, evaluation, approval, ratification, disclosure and implementation of transactions between the corporation and any of its Related Party/ies as required in compliance with legal and regulatory requirements; and
- f. Establish whistle blowing mechanisms and remedies for abusive Related Party Transactions

E. Independent Directors

The Corporation shall, to the extent required by law or regulation, have two (2) independent directors or such number as to constitute at least one-third of the members of the Board, whichever is higher.

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

An independent director should serve for a maximum cumulative term of nine (9) years. After which, the independent director should be perpetually barred from reelection in the Company as an independent director although he may be nominated and elected as a non-independent director of the Company. In the instance that the Company wants to retain an independent director who has served for 9 years, the Board should provide

meritorious justifications and seek the shareholders' approval during the Annual Stockholders' Meeting.

The independent director is subject to the same general responsibilities and specific duties and responsibilities of a director as set forth in this Manual. While an independent director should always attend Board meetings, his absence shall not affect the quorum requirement.

An independent director refers to a person who, ideally:

- a. Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
- b. Is not, and has not been in the two (2) years immediately preceding his 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;
- c. Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairperson "Emeritus", "Ex-Officio" Directors/ Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within two (2) years immediately preceding his election;
- d. Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;
- e. Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or 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 nominee or representative of any director of the Company or any of its related companies;
- g. Is not a securities broker-dealer of listed companies and registered issuers of securities;
- h. 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 shareholder, or is otherwise independent of Management and free from any business or 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 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 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 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 Company's executives serve as directors.

Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) the subsidiaries of the parent/holding company.

F. The Corporate Secretary

1. The Corporate Secretary is an officer of the corporation and perfection in performance and no surprises are expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.
2. The Corporate Secretary shall be a resident and citizen of the Philippines.
3. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities. He must also have some financial and accounting skills.
4. Duties and Responsibilities
 - a. Gather and analyze, as well as keep and preserve, all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
 - b. Inform the members of the Board, in accordance with the by laws of the agenda of the meeting at least five (5) working days before the date of the meeting. . The Corporate Secretary shall ensure that the Board members have the material with accurate information on matters that require their approval for each meeting.
 - c. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.
 - d. Ensure that Board procedures and rules and regulations are strictly followed.
 - e. Except when prevented by justifiable causes such as an accident, illness, or death in the immediate family, attend all Board meetings and maintain record of the same.
 - f. Submit to the Commission, every January 30th of the year, a certificate on the attendance in meetings of the Board of directors.
 - g. Work fairly and objectively with the Board, Management, stockholders and other stakeholders.
 - h. Perform all administrative functions and such other duties and responsibilities that may be assigned by the Board.

G. External Auditor

1. An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the corporation, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

2. The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.
3. The external auditor of the corporation shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
4. The corporation's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.
5. If an external auditor believes that the statements made in the corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

H. Internal Auditor

1. The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.
2. The Internal Auditor shall report to the Audit Committee. He shall submit an annual report on the activities, responsibilities, and performance relative to the audit plans and strategies approved by the Audit Committee. The annual report shall include significant risk exposures, control issues, and other matters necessary or requested by the Board or Management.
3. The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.
4. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.
5. The following are the functions of the Internal Auditor, among others:
 - a. Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
 - b. Perform regular and special audit as contained in the annual audit plan and/or based on the corporation's risk assessment;
 - c. Perform consulting and advisory services related to governance and control as

- appropriate for the organization;
- d. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
 - e. Review, audit, and assess the efficiency and effectiveness of the internal control system of all areas of the company;
 - f. 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;
 - g. Evaluate specific operations at the request of the Board or Management, as appropriate; and
 - h. Monitor and evaluate governance processes.

ARTICLE IV.
REPORTORIAL OR DISCLOSURE SYSTEM OF CORPORATION'S CORPORATE
GOVERNANCE POLICIES

- A. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer;
- B. All material information, i.e., anything that could potentially affect share price or adversely affect its viability or the interest of its stockholders and other stakeholders, shall be publicly and timely disclosed within five (5) business days. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.
- C. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.
- D. All disclosed information shall be released via the approved stock exchange procedure for corporation announcements as well as through the annual report.
- E. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

ARTICLE V.
SHAREHOLDERS' BENEFIT

The corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the corporation and all its investors:

1. Rights of Investors/Minority Interests

The Board shall be committed to respect the following rights of the stockholders:

1.1 Voting Right

- 1.1.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code.
- 1.1.2 Cumulative voting shall be used in the election of directors.
- 1.1.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.
- 1.1.4. Shareholders are encouraged to participate when given sufficient information prior to voting on fundamental corporate changes such as: (1) amendments to the Articles of Incorporation and By-Laws of the corporation; and (2) extraordinary transactions, including the transfer of all or substantially all assets that, in effect, results in the sale of the corporation.

1.2 Pre-emptive Right

All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Revised Corporation Code.

1.3 Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Revised Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

1.4 Right to Information

- 1.4.1 The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the corporation's shares, dealings with the corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- 1.4.2 The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- 1.4.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

1.5 Right to Dividends

1.5.1 Shareholders shall have the right to receive dividends subject to the discretion of the Board.

1.5.2. The corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or program approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

1.6 Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 81 of the Revised Corporation Code of the Philippines, under any of the following circumstances:

1.6.1 In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders 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;

1.6.2 In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;

1.6.3 In case of merger or consolidation; and

1.6.4 In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

ARTICLE VI. MONITORING AND ASSESSMENT

- A. Each Committee shall report regularly to the Board of Directors.
- B. The Compliance Officer 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 penalties provided under Part 8 of this Manual.
- C. The establishment of such evaluation system, including the features thereof, shall be disclosed in the corporation's annual report (SEC Form 17-A) or in such form of report



that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.

- D. This Manual shall be subject to quarterly review unless the same frequency is amended by the Board.
- E. All business processes and practices being performed within any department or business unit of PH RESORTS GROUP HOLDINGS, INC. that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

ARTICLE VII. COMMUNICATION PROCESS

- A. This manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
- B. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- C. An adequate number of printed copies of this Manual must be reproduced under the supervision of HRD, with a minimum of at least one (1) hard copy of the Manual per department.

ARTICLE VIII. TRAINING PROCESS

- A. If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.
- B. A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.
- C. First time directors must undergo an orientation program in order to apprise them of their duties and responsibilities. The orientation program must include an introduction to the Company's business, Articles of Incorporation, By Laws, Code of Business Conduct and Ethics and relevant corporate governance topics.

ARTICLE IX. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- A. To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the corporation's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:
 - 1. In case of first violation, the subject person shall be reprimanded.
 - 2. Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
 - 3. For third violation, the maximum penalty of removal from office shall be imposed.
- B. The commission of a third violation of this manual by any member of the board of the



corporation or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

- C. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

Signed:

(Sgd.) DENNIS A. UY
Chairman
PH Resorts Group Holdings Inc.