

COVER SHEET

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S.E.C. Registration Number

P H I L C O M S A T H O L D I N G S C O R P .

(Company's Full Name)

1 2 T H F L O O R , T E L E C O M P L A Z A

3 1 6 S E N . G I L P U Y A T A V E N U E

M A K A T I C I T Y

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

John Benedict L. Sioson

Contact Person

8815-8406

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

New Manual of Corporate Governance

FORM TYPE

3rd Monday of November

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

996,391,254

Total No. of Stockholders

Domestic

Foreign

Total amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

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Document I.D.

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Remarks = pls. use black ink for scanning purposes

**MANUAL ON CORPORATE GOVERNANCE
PHILCOMSAT HOLDINGS CORPORATION
(adopted on June 9, 2020)**

The Board of Directors and Management, i.e. officers and staff, of Philcomsat Holdings Corporation (the "Company") hereby commit themselves to the principles and the best practices contained in this Manual, and acknowledge that the same may guide the attainment of their corporate goals.

1. Establishing a Competent Board

- 1.1 The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/sector. The Board, through the Corporate Governance Committee, shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.
- 1.2 The Board shall be headed by a competent and qualified Chairperson whose role and responsibilities shall be contained in the By-laws and the Board Charter.
- 1.3 The Company shall annually hold an orientation program of at least two (2) hours for first-time directors covering topics mandated by the Securities and Exchange Commission (SEC) and an introduction to the Company's business, charter and Code of Conduct and relevant annual continuing training for all directors of at least two (2) hours.
- 1.4 The Board shall be as diverse as possible to ensure that optimal decision-making is achieved. Diversity shall be in gender, age, ethnicity, culture, skills competence and knowledge.
- 1.5 The Board shall be assisted in its duties by a Corporate Secretary who should be a separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board of Directors and shall annually attend training of at least two (2) hours on corporate governance. The role and responsibilities of the Corporate Secretary shall be contained in the By-laws and the Board Charter.

1.6 The Board shall be assisted in its duties by a Compliance Officer who should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Company. The Compliance Officer shall not be a member of the Board of Directors and shall annually attend training of at least two (2) hours on corporate governance. The role and responsibilities of the Compliance Officer shall be contained in the Board Charter.

2. Establishing Clear Roles and Responsibilities of the Board

- 2.1 The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders and all other stakeholders.
- 2.2 The Board shall oversee the development of and approve the Company's business and strategy and monitor their implementation in order to sustain the company's long-term viability and strength.
- 2.3 The Board shall be responsible for ensuring and adopting an effective succession planning program for directors, key officers and Management to ensure the continuous and consistent growth of the Company. Such program shall include a retirement policy for directors and key officers.
- 2.4 The Board, through the Corporate Governance Committee, shall align the remuneration of key officers and board members with the long-term interests of the company. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. No director shall participate in the determination of his own per diem or compensation.
- 2.5 The Board, through the Corporate Governance Committee, shall have a formal and transparent board nomination and election policy that includes how it accepts nominations from its shareholders and reviews the qualifications of nominated candidates. The policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election or replacement/removal of a director. In addition, its process of identifying the quality of directors shall be aligned with the strategic direction of the Company. In this regard, the Corporate Governance Committee shall accept written nominations from minority shareholders until forty-five (45) days prior to the date of a shareholders' meeting where elections are to be

conducted. The Corporate Governance Committee shall review and evaluate the qualifications of all persons nominated to the Board, in accordance with the following qualifications and disqualifications:

Qualifications

- Possess the knowledge, skills, experience, and particularly in the case of non-executive directors (NEDs), the independence of mind given their responsibilities to the Board and in the light of the Company's business and risk profile;
- Have a record of integrity and good repute;
- Have sufficient time to carry out their responsibilities;
- Have the ability to promote a smooth interaction between board members.

The Board may provide for additional qualifications, which may include practical understanding of the company's business, membership in good standing in relevant industry, business or professional organizations, and previous business experience.

Disqualifications

- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as 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;
- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house or investment company or as an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or

willfully violating the laws that govern securities and banking activities.

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

- 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;
- Any person who has been adjudged by final judgment or order of the SEC, BSP, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Revised Corporation Code of the Philippines, the Securities Regulation Code, or any other law, rule, regulation or order administered by the SEC or BSP;
- Any person judicially declared as insolvent;
- Any person found guilty by final judgement or order of a foreign court or equivalent financial regulatory authority for acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above;
- Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code of the Philippines and Securities Regulation Code committed within five (5) years prior to the date of his election or appointment;

- Any person engaged in any business that competes with or who is antagonistic to the Company. Without limiting the generality of the foregoing, a person shall be deemed to antagonistic to the Company whenever he is a party to a case against the Company or any company within the Philcomsat Group of Companies or its stockholders or any of its duly elected officers in their capacity as such.
- Other grounds as the SEC may provide pursuant to the provisions of the Revised Corporation Code of the Philippines, Securities Regulation Code and other related laws.

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

- 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 his 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;
- Dismissal/termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal, termination or removal;
- If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

2.6 The Board shall have the overall responsibility in ensuring and adopting a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, such as the acquisition or disposal of significant assets, particularly those which pass certain thresholds of materiality and/or adversely affect the viability or the interests of its stockholders. The policy shall include the

appropriate review and approval of material RPTs which guarantee fairness and transparency of transactions.

Material RPTs and other unusual or infrequent transactions shall be approved by at least 2/3 of the Board with majority of the independent directors approving the transaction in accordance with the provisions of the Revised Corporation Code of the Philippines, SEC issuances and other related laws. The Board, through the Related Party Transaction Committee, or if not constituted, the Audit Committee, shall ensure that transactions occur at market prices, at arm's length basis and under conditions that protect the rights of all stockholders. If need be, the Related Party Transaction Committee may appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

- 2.7 The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO) or his equivalent and control functions led by their respective heads.
- 2.8 The Board shall establish an effective performance framework which includes the standard or criteria for assessment, that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.
- 2.9 The Board shall oversee that an appropriate internal control system is in place, including the setting up a mechanism for monitoring and managing potential/actual conflicts of interest of board members, Management, and stockholders. The Board shall also adopt an Internal Audit Charter.
- 2.10 The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.
- 2.11 The Board shall adopt a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall also serve as a guide to the directors in the performance of their functions and shall be made publicly available.

3. Establishing Board Committees

- 3.1 The Board shall establish committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. The Board committees shall be composed of board members who shall comprise the majority of the committee's membership, one of whom shall chair the committees, and may include key officers within the Philcomsat Group of Companies.
- 3.2 The Board shall establish an Audit Committee to enhance its oversight capability over the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations. The committee shall be composed of at least three (3) qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committee. The duties and responsibilities of the Audit Committee shall be enumerated in its charter.
- 3.3 The Board shall establish a Corporate Governance Committee that will be tasked to assist the Board in the performance of its corporate governance responsibilities as well as take over the functions that were formerly assigned to the Nomination and Election and Compensation and Remuneration Committees. It shall be composed of at least three (3) directors, a majority of whom shall be independent directors, including the Chairman. Its duties and responsibilities shall be enumerated in its charter.
- 3.4 The Board may establish a Board Risk Oversight Committee (BROC) that will be responsible for the oversight of the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC shall be composed of at least three (3) directors, the majority of whom shall be independent directors, including the Chairperson. At least one member of the committee must have relevant, thorough knowledge and experience on risk and risk management. Should the Board elect not to create this committee, the functions of the BROC shall be performed by the Audit Committee.

3.5 All established committees shall have committee charters stating in plain terms their respective 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.

4. Fostering Commitment

4.1 The directors shall attend and actively participate in all meetings of the Board, Committees and stockholders in person or through tele/video conferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes such as illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the directors should review meeting materials, and if called for, ask the necessary questions or seek clarification and explanation.

4.2 The NEDs of the Board shall 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.

4.3 A director shall notify the Board where he is an incumbent director before accepting a directorship in another company.

5. Reinforcing Board Independence

5.1 The Board shall be composed of a majority of NEDs who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to carry out proper checks and balances.

5.2 Considering that the Articles of Incorporation provide for eleven (11) directors, the Board shall have three (3) independent directors. In the event that the Articles of Incorporation are amended to provide for a different number of directors, the Board shall have at least two (2) independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.

5.3 The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

- 5.4 The Board's independent directors should serve for a maximum cumulative term of nine (9) years, after which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification and seek stockholders' approval during the annual stockholders' meeting.
- 5.5 The position of Chairperson of the Board and Chief Executive Officer, or its equivalent position, shall be held by separate individuals and each shall have clearly defined responsibilities.
- 5.6 The Board shall designate a lead director among the independent directors if the Chairperson of the Board is not independent.
- 5.7 A director with a material or potential interest in any transaction affecting the Company should fully disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction.
- 5.7 The NEDs shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive director present to ensure that proper checks and balances are in place within the Company. The meetings shall be chaired by the lead independent director, if applicable.

6. Assessing Board Performance

- 6.1 The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.
- 6.2 The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the stockholders.

7. Strengthening Board Ethics

- 7.1 The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of board members. This Code shall be properly disseminated to all the members of the Board and shall be disclosed and made available to the public through the Company's website.
- 7.2 The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.

8. Enhancing Company Disclosure Policies and Procedures

- 8.1 The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to stockholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.
- 8.2 Directors and officers are required to disclose/report to the Company any dealings in the Company's shares within five (5) business days.
- 8.3 The Company's corporate governance policies, programs and procedures shall be contained in this Manual on Corporate Governance, which shall be submitted to the SEC and posted on the Company's website.
- 8.4 The Company shall fully disclose all relevant information on its corporate governance policies and practices in the Annual Corporate Governance Report which shall be submitted to the SEC and continuously updated and posted on the Company's website.

9. Strengthening the External Auditor's Independence and Improving Audit Quality

- 9.1 The Audit Committee shall recommend the appointment, reappointment, removal and fees of the external auditor to the Board and the stockholders for their approval. For removal or change in the external auditor, the reasons for removal or change shall be disclosed

to SEC, the stockholders and the public through the Company's website and other required disclosures.

9.2 The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

9.3 The Company shall disclose the nature of non-audit services performed by its external auditor in the Annual Report in the interest of managing potential conflict of interest cases. The Audit Committee shall be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

10. Increasing Focus on Non-Financial and Sustainability Reporting

The Company shall include in its Annual Report a disclosure to all stockholders and other stakeholders of the Company's strategic (long-term goals) and operational objectives (short-term goals), as well as the impact of a wide range of sustainability issues with emphasis on the management of environmental, economic, social and governance issues of its business which underpin sustainability.

11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information

The Company's website shall ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.

12. Strengthening Internal Control and Risk Management Systems

12.1 The Company shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile, nature and complexity of operations.

12.2 The Company shall have an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Company's operations.

13. Promoting Stockholder Rights

13.1 Every stockholder of the Company shall have the following rights:

- 13.1.1 Right to participate in the approval of material corporate acts;
- 13.1.2 Right to propose the holding of meetings and to include agenda items ahead of the Annual or Special Stockholders' Meeting;
- 13.1.3 Right to nominate candidates to the Board of Directors;
- 13.1.4 Right to be informed of the nomination and removal process;
- 13.1.5 Right to be informed of the voting procedures that would govern the Annual and Special Stockholders' Meeting;
- 13.1.6 Right to dividends; and
- 13.1.7 Appraisal right.

13.2 The Board shall encourage active stockholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty-one (21) days before the meeting.

13.3 The Board shall encourage active stockholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be made available on the Company's website within five (5) business days from the end of the meeting.

13.4 It is preferred that intra-corporate disputes between the Board and a stockholder be resolved in an amicable and effective manner and the Board encourages alternative dispute mechanisms such as the appointment of a mediator to resolve intra-corporate disputes.

13.5 The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement and communication with its stockholders. The IRO shall be present at every stockholders' meeting.

14. Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholders' Rights

14.1 The Board shall identify the company's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability.

14.2 The Board shall establish clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of stakeholders.

15. Encouraging Employee Participation

15.1 The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. These policies and programs include, but are not limited to: (1) health, safety and welfare, (2) manpower training and development and (3) employee reward and compensation.

15.2 The Board is strongly against corrupt practices and shall adopt an anti-corruption policy and program in its Code of Business Conduct and Ethics. The Board shall disseminate the policy and program to employees across the organization through orientations and continuous trainings to embed them in the company's culture.

15.3 Employees are allowed to freely communicate their concerns about illegal or unethical practices without fear of retaliation and have direct access to all independent directors who are each hereby tasked to handle whistle-blowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

16. Encouraging Sustainability and Social Responsibility

The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates.

17. Effectivity


Except for paragraphs 1.5 and 3.3 that will take effect after the 2020 Annual Stockholders' Meeting and election of directors, all other provisions shall be effective immediately upon the adoption of this Manual on Corporate Governance.

This Manual on Corporate Governance was adopted by unanimous vote of the Board of Directors on 9 June 2020.

Signed:



SANTIAGO RANADA, JR.
Chairman of the Board



LORNA P. KAPUNAN
Compliance Officer