

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2020**
2. SEC Identification Number **11163**
3. BIR Tax Identification No. **000-471-497-000**
4. Exact name of issuer as specified in its charter **PHILCOMSAT HOLDINGS CORPORATION**
5. **PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **12F Telecom Plaza, 316 Sen. Gil Puyat Avenue, Makati City 1200**
Address of principal office Postal Code
8. **(632) 8815-8406**
Issuer's telephone number, including area code
9. **n/a**
Former name, former address, and former fiscal year, if changed since last report.

2020 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

COMPLIANT/
NON-
COMPLIANT

ADDITIONAL INFORMATION

EXPLANATION

The Board's Governance Responsibilities

Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.

Recommendation 1.1

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| 1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector. | COMPLIANT | Provide information or link/reference to a document containing information on the following: | The academic qualifications and professional experience, expertise and relevant training of directors are contained in the Annual Report and the Information Statement. |
| 2. Board has an appropriate mix of competence and expertise. | COMPLIANT | 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors | Please refer to the 2020 Annual Report and Information Statement at the following links: http://www.phc.com.ph/filings/SECform17-A2020.pdf |
| 3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. | COMPLIANT | 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance | http://www.phc.com.ph/ASM/20IS-2020.pdf The qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmarks for the evaluation of their performance are enumerated in Section 2 of the Manual on Corporate Governance. |

Recommendation 1.2

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| 1. Board is composed of a majority of non-executive directors. | COMPLIANT | Identify or provide link/reference to a document identifying the directors and the type of their directorships | The list of directors and officers are in the Annual Report and Information Statement. Of the 11 directors of the Company, only 3 hold executive positions |
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| | | | <p>while 8 directors are non-executive directors.</p> <p>Please refer to the 2020 Annual Report and Information Statement at the following links: http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf</p> |
| Recommendation 1.3 | | | |
| 1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors. | COMPLIANT | Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors. | The policy on training of directors is in the Manual on Corporate Governance This includes annual training for all directors on topics mandated by the Securities and Exchange Commission, as well as an orientation program for first time directors. |
| 2. Company has an orientation program for first time directors. | COMPLIANT | Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered. | <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf</p> <p>The directors and the key officers attended a 2-hour training on Corporate Governance on September 25, 2020 and are expected to again attend the annual yearly training seminar in the last quarter of 2021.</p> |
| 3. Company has relevant annual continuing training for all directors. | COMPLIANT | | |
| Recommendation 1.4 | | | |
| 1. Board has a policy on board diversity. | COMPLIANT | <p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p> | <p>The policy on board diversity is included in Section 1 of the Manual on Corporate Governance.</p> <p>Please refer to the Company's MCG at the following link:</p> |

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| | | | http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf The current board of directors consists of five (5) ladies and six (6) gentlemen. |
| Optional: Recommendation 1.4 | | | |
| 1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives. | | Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives. | |
| Recommendation 1.5 | | | |
| 1. Board is assisted by a Corporate Secretary. | COMPLIANT | Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions. | The Board is assisted by a Corporate Secretary, Atty. John Benedict L. Sioson and an Assistant Corporate Secretary, Atty. Jose Pio J. Seva. They do not concurrently hold the position of Compliance Officer. They are qualified pursuant to the criteria and comply with the duties and functions enumerated in Section 1 of the Manual on Corporate Governance. Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf |
| 2. Corporate Secretary is a separate individual from the Compliance Officer. | COMPLIANT | | |
| 3. Corporate Secretary is not a member of the Board of Directors. | COMPLIANT | | |
| 4. Corporate Secretary attends training/s on corporate governance. | COMPLIANT | Provide information or link/reference to a document containing information on the corporate governance training attended, | The Corporate Secretary and Assistant Corporate Secretary attended a training on corporate governance together with the directors and key officers and copies |

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| | | including number of hours and topics covered | of their certificates of participation were transmitted to the SEC. They are expected to attend the annual corporate governance seminar by the last quarter of 2021. |
| Optional: Recommendation 1.5 | | | |
| 1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting. | | Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting | |
| Recommendation 1.6 | | | |
| 1. Board is assisted by a Compliance Officer. | COMPLIANT | Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions. | The Board is assisted by a Compliance Officer, Atty. Bernadette Y. Blanco. She holds a rank equivalent to the position of Senior Vice-President with adequate stature and authority in the Company. She is not a member of the board. She is qualified pursuant to the criteria and complies with the duties and functions enumerated in Section 1 of the Manual on Corporate Governance. |
| 2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. | COMPLIANT | | |
| 3. Compliance Officer is not a member of the board. | COMPLIANT | | |
| 4. Compliance Officer attends training/s on corporate governance. | COMPLIANT | Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered | <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf</p> <p>She attended a training on corporate governance together with the directors and key officers and copies of their certificates of participation were transmitted to the SEC. She is likewise expected to attend the annual corporate governance seminar by the last quarter of 2021.</p> |

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

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| 1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company. | COMPLIANT | Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting) | The discussions on how the directors performed their duties are in the minutes of the meetings where their arguments for or against a proposed resolution are summarized. |
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Recommendation 2.2

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| 1. Board oversees the development, review and approval of the company's business objectives and strategy. | COMPLIANT | Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting) | The discussions on how the directors performed their duties are in the minutes of the meetings where their arguments for or against a proposed resolution are summarized. |
| 2. Board oversees and monitors the implementation of the company's business objectives and strategy. | COMPLIANT | Indicate frequency of review of business objectives and strategy | Since the Company's main business is limited to money market, there is no need to review the business objectives and strategy frequently. |

Supplement to Recommendation 2.2

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| 1. Board has a clearly defined and updated vision, mission and core values. | COMPLIANT | Indicate or provide link/reference to a document containing the company's vision, mission and core values. Indicate frequency of review of the vision, mission and core values. | The Company's mission, vision and values are found on the Company's website. Please refer to this link: http://phc.com.ph/corporate-governance/mission.html There has been no update to the said mission, vision and values. |
| 2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture. | COMPLIANT | Provide information on or link/reference to a document containing information on the strategy execution process. | The Corporate Governance committee (acting as both Nomination Committee and Compensation Committee) evaluates the performance of Management and the directors. |

| Recommendation 2.3 | | | |
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| 1. Board is headed by a competent and qualified Chairperson. | COMPLIANT | Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications | <p>The Chairperson is Retired Justice Santiago J. Ranada. His qualifications are summarized in the Annual Report and Information Statement.</p> <p>Please refer to the 2020 Annual Report and Information Statement at the following links: http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf</p> |
| Recommendation 2.4 | | | |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | COMPLIANT | Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation | The major stockholder of the Corporation is Philcomsat who can nominate directors should any of the current directors be unable to perform his/her functions. The Corporation currently has no policy for retirement. The independent directors are aware that they can only serve for a period of nine (9) consecutive years. |
| 2. Board adopts a policy on the retirement for directors and key officers. | COMPLIANT | | |
| Recommendation 2.5 | | | |
| 1. Board aligns the remuneration of key officers and board members with long-term interests of the company. | COMPLIANT | Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance. | <p>The Board, through the Corporate Governance Committee, bases remuneration on the performance of the director and officer and their respective contribution to the Company and no director participates in discussions and deliberations involving his own remuneration.</p> <p>Please refer to the Company's MCG at the following link:</p> |
| 2. Board adopts a policy specifying the relationship between remuneration and performance. | COMPLIANT | | |
| 3. Directors do not participate in discussions or deliberations involving his/her own remuneration. | COMPLIANT | | |

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| | | | http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf |
| Optional: Recommendation 2.5 | | | |
| 1. Board approves the remuneration of senior executives. | | Provide proof of board approval | |
| 2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses. | | Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company. | |
| Recommendation 2.6 | | | |
| 1. Board has a formal and transparent board nomination and election policy. | COMPLIANT | Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders. | <p>Section 2 of the Manual on Corporate Governance contains the Company's nomination and election policy, including the criteria used in selecting new directors.</p> <p>The procedure therein is likewise applicable to minority shareholders.</p> <p>The Corporate Governance Committee assesses the Board's processes in the nomination, election or replacement of a director, as well as the quality of directors.</p> <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf</p> |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance. | COMPLIANT | | |
| 3. Board nomination and election policy includes how the company accepted nominations from minority shareholders. | COMPLIANT | Provide proof if minority shareholders have a right to nominate candidates to the board | |
| 4. Board nomination and election policy includes how the board shortlists candidates. | COMPLIANT | Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director. | |
| 5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in | COMPLIANT | | |

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| the nomination, election or replacement of a director. | | | |
| 6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company. | COMPLIANT | | |
| Optional: Recommendation to 2.6 | | | |
| 1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors. | | Identify the professional search firm used or other external sources of candidates | |
| Recommendation 2.7 | | | |
| 1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions. | COMPLIANT | Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs | <p>Section 2 of the Manual on Corporate Governance contains information on the Company's RPT policy. In addition, the Audit Committee which consists of at least 3 non-executive directors and all of the independent directors are tasked with reviewing all material RPTs.</p> <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf</p> <p>The RPTs that were approved based on the RPT policy are enumerated in the notes of the Company's Consolidated Audited Financial Statement which are attached to the Company's Annual Report</p> |
| 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions. | COMPLIANT | Identify transactions that were approved pursuant to the policy. | |
| 3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations. | COMPLIANT | | |

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| | | | Please refer to the 2020 Annual Report at the following link: http://www.phc.com.ph/filings/SECform17-A2020.pdf |
| Supplement to Recommendations 2.7 | | | |
| 1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval. | COMPLIANT | Provide information on a materiality threshold for RPT disclosure and approval, if any. Provide information on RPT categories | An RPT is considered material when it exceeds 5% of the capital of the Company. The aggregate amount of RPTs in the last 12 months has not exceeded this threshold. The stockholders, including non-related party stockholders, note the financial statements where the RPTs are listed, and approve, confirm, and ratify all the acts of the Board, the Management and the Committees. |
| 2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings. | COMPLIANT | Provide information on voting system, if any. | |
| Recommendation 2.8 | | | |
| 1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | COMPLIANT | Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identify the Management team appointed | Article III, Section 1 of the By-laws of the Company clearly state that a majority of the Board of Directors shall appoint the executive officers. Please refer to the Company's By-laws at this link: http://phc.com.ph/corporate-governance/AmendedBL.pdf |
| 2. Board is primarily responsible for assessing the performance of Management led by | COMPLIANT | Provide information on or reference to a document containing the | |

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| the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | | Board's policy and responsibility for assessing the performance of management. Provide information on the assessment process and indicate frequency of assessment of performance. | The Chairman is Justice Santiago J. Ranada, the President/CEO is Katrina C. Ponce-Enrile, the Vice-President is Victoria C. de los Reyes and the CFO/Treasurer is Erlinda I. Bildner. While no document exists containing the Board's policy for assessing the performance of management, the above-mentioned by-law implies that the executive officers can be replaced at any time depending on their performance. |
| Recommendation 2.9 | | | |
| 1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management. | COMPLIANT | Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel. | While no document exists containing the Board's policy for assessing the performance of management, the Article III, Section 1 of the By-laws of the Company implies that the executive officers can be replaced at any time depending on their performance. Please refer to the Company's By-laws at this link: http://phc.com.ph/corporate-governance/AmendedBL.pdf In addition, the Compensation Committee assesses the performance of Management and staff and makes recommendations based thereon. |
| 2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management. | COMPLIANT | | |
| Recommendation 2.10 | | | |
| 1. Board oversees that an appropriate internal control system is in place. | | Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate | Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf |

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| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders. | COMPLIANT | internal control system is in place and what is included in the internal control system | |
| 3. Board approves the Internal Audit Charter. | COMPLIANT | Provide reference or link to the company's Internal Audit Charter | The Audit Committee Charter can be found at http://phc.com.ph/corporate-governance/AuditCommitteeCharter.pdf |
| Recommendation 2.11 | | | |
| 1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks. | COMPLIANT | Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework. | Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf |
| 2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. | COMPLIANT | Provide proof of effectiveness of risk management strategies, if any. | |
| Recommendation 2.12 | | | |
| 1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role. | COMPLIANT | Provide link to the company's website where the Board Charter is disclosed. | The roles, responsibilities and accountabilities of the Board are stated in Section 2 of the Manual on Corporate Governance. Considering the limited business of the Company, the Board does not have a charter that is separate from the Manual on Corporate Governance. Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf |
| 2. Board Charter serves as a guide to the directors in the performance of their functions. | COMPLIANT | | |
| 3. Board Charter is publicly available and posted on the company's website. | COMPLIANT | | |

| Additional Recommendation to Principle 2 | | | |
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| 1. Board has a clear insider trading policy. | COMPLIANT | Provide information on or link/reference to a document showing company's insider trading policy. | The insider trading policy of the Board is found in this link: http://phc.com.ph/corporate-governance/policies.html |
| Optional: Principle 2 | | | |
| 1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates. | | Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any. | |
| 2. Company discloses the types of decision requiring board of directors' approval. | | Indicate the types of decision requiring board of directors' approval and where there are disclosed. | |
| Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter. | | | |
| Recommendation 3.1 | | | |
| 1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. | COMPLIANT | Provide information or link/reference to a document containing information on all the board committees established by the company. | Please refer to the Company's SEC Form 17-C that was filed with edge.pse.com.ph on November 16, 2020 and submitted to the SEC. |
| Recommendation 3.2 | | | |
| 1. Board establishes 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. | COMPLIANT | Provide information or link/reference to a document containing information on the Audit Committee, including its functions. | The Manual on Corporate Governance details the functions of the audit committee, and which includes the recommendation to appoint or remove the company's external auditor. |

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| | | Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor. | Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf |
| 2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent. | COMPLIANT | Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship. | Please refer to the Company's SEC Form 17-C that was filed on November 16, 2020 for the members of the audit committee, including the Chairman who is not the Chairman of the Board nor of any other committee. |
| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. | COMPLIANT | Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee. | The Annual Report and the Information statement detail the background, knowledge, and skills of the members of the Audit Committee. Please refer to the 2020 Annual Report and Information Statement at the following links: http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf |
| 4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee. | COMPLIANT | Provide information or link/reference to a document containing information on the Chairman of the Audit Committee | |
| Supplement to Recommendation 3.2 | | | |
| 1. Audit Committee approves all non-audit services conducted by the external auditor. | COMPLIANT | Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor. | The external auditor has not been asked to perform non-audit services. Nevertheless, the Audit Committee is tasked with evaluating, determining and reviewing non-audit work of the external auditor. |
| 2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present. | COMPLIANT | Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present. | Please refer to the Company's MCG at the following link: |

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| | | | http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf Given the limited business of the Company, there has been no occasion where a dialogue with the external audit team was required in the past 12 months. |
| Optional: Recommendation 3.2 | | | |
| 1. Audit Committee meet at least four times during the year. | | Indicate the number of Audit Committee meetings during the year and provide proof | |
| 2. Audit Committee approves the appointment and removal of the internal auditor. | | Provide proof that the Audit Committee approved the appointment and removal of the internal auditor. | |
| Recommendation 3.3 | | | |
| 1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. | COMPLIANT | Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable. | The Manual on Corporate Governance details the functions of the corporate governance committee. These include the functions of the Nomination and Remuneration Committees and include identifying the quality of directors aligned with the company's strategic direction. Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf |
| 2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors. | COMPLIANT | Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship. | The background, knowledge and skills of the members of the Corporate Governance Committee are indicated in |

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| 3. Chairman of the Corporate Governance Committee is an independent director. | COMPLIANT | Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee. | <p>the Annual Report and the Information Statement filed by the Company.</p> <p>Please refer to the Company's SEC Form 17-C that was filed on November 18, 2019 for the members of the audit committee.</p> <p>Please refer to the 2020 Annual Report and Information Statement at the following links: http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf</p> |
| Optional: Recommendation 3.3. | | | |
| 1. Corporate Governance Committee meet at least twice during the year. | | Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof. | |
| Recommendation 3.4 | | | |
| 1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. | COMPLIANT | Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions | <p>Information on the functions of the BROC can be found in the Manual on Corporate Governance.</p> <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf</p> |
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | COMPLIANT | Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship | <p>Since the Board chose not to establish a Board Risk Oversight Committee, its</p> |

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| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee. | COMPLIANT | Provide information or link/reference to a document containing information on the Chairman of the BROC | functions are performed by the Audit Committee. Please refer to the Company's SEC Form 17-C that was filed on November 16, 2020 for the members of the audit committee, including the Chairman who is not the Chairman of the Board nor of any other committee. |
| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management. | COMPLIANT | Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC. | Please refer to the Annual Report and the Information statement that detail the background, knowledge, and skills of the members of the Audit Committee at these links: http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf |
| Recommendation 3.5 | | | |
| 1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company. | COMPLIANT | Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions. | Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf |
| 2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. | COMPLIANT | Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship. | Since the Board chose not to establish a Related Party Transactions Committee, its functions were performed by the Audit Committee. Please refer to the Company's SEC Form 17-C that was filed on November 16, 2020 for the members of the audit committee, including the Chairman who is not the Chairman of the Board nor of any other committee. |

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| | | | Please refer to the Annual Report and the Information statement that detail the background, knowledge, and skills of the members of the Audit Committee at these links: http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf |
| Recommendation 3.6 | | | |
| 1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information. | COMPLIANT | Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes. | The charters of the various committees are posted on http://phc.com.ph/corporate-governance/board-committee-charters.html |
| 2. Committee Charters provide standards for evaluating the performance of the Committees. | COMPLIANT | | |
| 3. Committee Charters were fully disclosed on the company's website. | COMPLIANT | Provide link to company's website where the Committee Charters are disclosed. | |
| Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business. | | | |
| Recommendation 4.1 | | | |
| 1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing | COMPLIANT | Provide information or link/reference to a document containing information on the process and procedure for | Due to the pandemic, most meetings were held via tele-/video conferencing following the rules of the SEC on teleconferencing. Before a board |

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| conducted in accordance with the rules and regulations of the Commission. | | <p>tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p> | <p>meeting is called, the Corporate Secretary canvasses the available dates of the directors for a common and mutually convenient date.</p> <p>Please refer to SEC Form 17-C for the attendance of directors during the previous calendar year.</p> <p>The directors review meeting materials for all the meetings and ask the necessary questions or seek clarification during the said meetings. The minutes reflect the discussions during the meetings.</p> |
| 2. The directors review meeting materials for all Board and Committee meetings. | COMPLIANT | | |
| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | COMPLIANT | Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors | |
| Recommendation 4.2 | | | |
| 1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company. | COMPLIANT | <p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p> | <p>The Board has no written policy regarding a limit for board seats that a non-executive director can simultaneously hold as most of the non-executive directors do not serve in other publicly-listed companies.</p> <p>Please refer to the Annual Report and the Information statement that detail the directorships of the company's directors in listed and non-listed companies at the following links: http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf</p> |

| Recommendation 4.3 | | | |
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| 1. The directors notify the company's board before accepting a directorship in another company. | COMPLIANT | Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed. | There has been no instance when a director accepted a directorship in another company. However, directors are aware that they are required to inform the Corporate Secretary when such occasion arises. |
| Optional: Principle 4 | | | |
| 1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group. | | | |
| 2. Company schedules board of directors' meetings before the start of the financial year. | | | |
| 3. | | | |
| 4. Board of directors meet at least six times during the year. | | Indicate the number of board meetings during the year and provide proof | |
| 5. Company requires as minimum quorum of at least 2/3 for board decisions. | | Indicate the required minimum quorum for board decisions | |
| Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs | | | |
| Recommendation 5.1 | | | |
| 1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher. | COMPLIANT | Provide information or link/reference to a document containing information on the number of independent directors in the board | Please refer to SEC Form 17-C that reported the results of the ASM on November 16, 2020, where 3 independent directors were elected. |
| Recommendation 5.2 | | | |
| 1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions. | COMPLIANT | Provide information or link/reference to a document containing information on the qualifications of the independent directors. | Please refer to the Annual Report and the Information statement that detail the qualifications of the independent directors at the following links: |

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| | | | http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf |
| Supplement to Recommendation 5.2 | | | |
| 1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently. | COMPLIANT | Provide link/reference to a document containing information that directors are not constrained to vote independently. | The Company has no shareholder agreement, by-laws provision or other arrangement that constrain the directors' ability to vote independently. There is however no document that contains a statement to this effect. |
| Recommendation 5.3 | | | |
| 1. The independent directors serve for a cumulative term of nine years (reckoned from 2012). | COMPLIANT | Provide information or link/reference to a document showing the years IDs have served as such. | Please refer to the Information Statement that shows that no independent director has served for a cumulative term of 9 years reckoned from 2012 at the following link: http://www.phc.com.ph/ASM/20IS-2020.pdf . |
| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | COMPLIANT | Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director | <p>The term limit of an independent director is nine (9) cumulative years as stated in the Manual on Corporate Governance.</p> <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf </p> |
| 3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting. | COMPLIANT | Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting. | Since no independent director has served in the same capacity for nine (9) cumulative years, the Company has not had the occasion to seek shareholders' approval for retaining the same independent director. |
| Recommendation 5.4 | | | |

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| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | COMPLIANT | Identify the company's Chairman of the Board and Chief Executive Officer | The Company's Chairman is Retired Justice Santiago J. Ranada and the Company's Chief Executive Officer is Ms. Katrina C. Ponce-Enrile. |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities. | COMPLIANT | Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO. | The roles and responsibilities of the Chairman and the CEO are clearly defined in Article III of the By-Laws (http://phc.com.ph/corporate-governance/AmendedBL.pdf). The Chairman and the CEO are not related by consanguinity nor affinity. |
| Recommendation 5.5 | | | |
| 1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors. | COMPLIANT | Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent. | The roles and responsibilities of the lead independent director are listed in the Manual on Corporate Governance http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf The Company's chairperson, Retired Justice Santiago J. Ranada, is not an independent director. The Board has, however, designated Ms. Jullie Yap Daza as the lead independent director. |
| Recommendation 5.6 | | | |
| 1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction. | COMPLIANT | Provide proof of abstention, if this was the case | There has been no occasion when a director had a material interest in a transaction affecting the Company. |
| Recommendation 5.7 | | | |
| 1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal | COMPLIANT | Provide proof and details of said meeting, if any. | Since their election on November 16, 2020 up to December 31, 2020, the NEDs were not able to hold a separate periodic |

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| audit, compliance and risk functions, without any executive present. | | Provide information on the frequency and attendees of meetings. | meeting with the external auditor or the heads of the internal audit, compliance and risk function. They are, however, aware that they may hold such a meeting if necessary. |
| 2. The meetings are chaired by the lead independent director. | COMPLIANT | | |
| Optional: Principle 5 | | | |
| 1. None of the directors is a former CEO of the company in the past 2 years. | | Provide name/s of company CEO for the past 2 years | |
| Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies. | | | |
| Recommendation 6.1 | | | |
| 1. Board conducts an annual self-assessment of its performance as a whole. | | Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees | Considering the financial performance of the Corporation where the Board, Committees and Management were able to wipe out the Corporation's deficit, there has not been a need to conduct a self-assessment of their stellar performance. |
| 2. The Chairman conducts a self-assessment of his performance. | | | |
| 3. The individual members conduct a self-assessment of their performance. | | | |
| 4. Each committee conducts a self-assessment of its performance. | | | |
| 5. Every three years, the assessments are supported by an external facilitator. | | Identify the external facilitator and provide proof of use of an external facilitator. | Moreover, considering that the new Manual on Corporate Governance was adopted only in June 2020, there is still no need to use an external facilitator. Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf . |
| Recommendation 6.2 | | | |
| 1. Board has in place a system that provides, at the minimum, criteria and process to | COMPLIANT | Provide information or link/reference to a document containing | Considering the financial performance of the Corporation where the Board, |

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| determine the performance of the Board, individual directors and committees. | | information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders | Committees and Management were able to wipe out the Corporation's deficit and increase shareholder equity, there has not been a need to conduct a self-assessment of their stellar performance and as a result, the Corporate Governance Committee has not had the opportunity to provide the criteria and process to evaluate the performance of the directors and the committees. |
| 2. The system allows for a feedback mechanism from the shareholders. | COMPLIANT | | The feedback mechanism from the shareholders is the Annual Stockholders' Meeting where the shareholders can give feedback as to the performance of the Board of Directors and Management. During the last Annual Stockholders' Meeting, a resolution to commend Management and the Board was approved by the shareholders. |

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

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| 1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. | COMPLIANT | Provide information on or link/reference to the company's Code of Business Conduct and Ethics. | The Code of Business Conduct and Ethics is posted on: http://www.phc.com.ph/corporate-governance/code-of-conduct.html |
| 2. The Code is properly disseminated to the Board, senior management and employees. | COMPLIANT | Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees. | |

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| 3. The Code is disclosed and made available to the public through the company website. | COMPLIANT | Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed. | |
| Supplement to Recommendation 7.1 | | | |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes. | COMPLIANT | Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery | While a policy has not been formally adopted by the Company, all directors, officers and consultants are aware that offering, paying and receiving bribes is strictly prohibited and penalized. |
| Recommendation 7.2 | | | |
| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. | COMPLIANT | Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. | The Code of Business Conduct and Ethics is posted on: http://www.phc.com.ph/corporate-governance/code-of-conduct.html |
| 2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies. | COMPLIANT | Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance. | |
| Disclosure and Transparency | | | |
| Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations. | | | |
| Recommendation 8.1 | | | |
| 1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations. | COMPLIANT | Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders | The Board need not formally adopt corporate disclosure policies and procedures as the Compliance Officers and Corporate Information Officer are aware of the disclosure rules and complies therewith. |
| Supplement to Recommendations 8.1 | | | |

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| 1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period. | COMPLIANT | Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively. | The Annual Report (SEC Form 17-A) is submitted, published and made available within 105 days from the end of the fiscal year while the quarterly reports (SEC Form 17-Q) are submitted, published and made available within 45 days from the end of the quarter. Submission of the Annual Report and Quarterly Reports last year were delayed as a result of the pandemic, but within the extended deadlines given by the SEC. |
| 2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company. | COMPLIANT | <p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. | <p>Please refer to the Annual Report for the principal risk to the minority shareholder associated with the identity of the controlling shareholder at the following link:</p> <p>http://www.phc.com.ph/filings/SECform17-A2020.pdf</p> <p>There are no cross-holdings among company affiliates nor imbalances between the controlling shareholders' voting power and overall equity position in the Company.</p> |
| Recommendation 8.2 | | | |
| 1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days. | COMPLIANT | Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share. | There has been no dealing by directors and officers involving the Company's shares. |
| 2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days. | COMPLIANT | Indicate actual dealings of directors involving the corporation's shares including their nature, | <p>Please refer to the Company's MCG at the following link:</p> <p>http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf.</p> |

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| | | number/percentage and date of transaction. | |
| Supplement to Recommendation 8.2 | | | |
| 1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program). | COMPLIANT | <p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p> | <p>The shareholdings of directors and management can be found on the Annual Report at this links: http://www.phc.com.ph/filings/SECform17-A2020.pdf</p> <p>Inasmuch as the Company's shares are still suspended from trading, there has been no trading of shares by directors, officers or controlling shareholders. Also, please refer to PSE Form 17-12 that the Company files quarterly for the top 100 stockholders.</p> <p>The Company's conglomerate map can be found here: http://phc.com.ph/corporate-governance/conglomerate-map.html</p> |
| Recommendation 8.3 | | | |
| 1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | COMPLIANT | Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended. | <p>Please refer to the Annual Report and the Information statement that detail the academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended of directors and officers at the following links: http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf</p> |
| 2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential | COMPLIANT | Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional | |

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| conflicts of interest that might affect their judgment. | | experiences, expertise and relevant trainings attended. | |
| Recommendation 8.4 | | | |
| 1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same. | COMPLIANT | Disclose or provide link/reference to the company policy and practice for setting board remuneration | Compensation and remuneration for both board and executives are based on performance of the director/officer concerned as well as industry standards for an equivalent position. Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf . |
| 2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same. | COMPLIANT | Disclose or provide link/reference to the company policy and practice for determining executive remuneration | |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions. | COMPLIANT | Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO. | Please refer to the Annual Report and the Information statement that detail the director remuneration and executive compensation, particularly the remuneration of the CEO at the following links: http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf |
| Recommendation 8.5 | | | |
| 1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. | COMPLIANT | Disclose or provide reference/link to company's RPT policies Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction. | Please refer to http://phc.com.ph/corporate-governance/Policy-on-Related-Party-Transaction.pdf on the Company's RPT policies. There has been no RPT where a director had a conflict of interest. |

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| 2. Company discloses material or significant RPTs reviewed and approved during the year. | COMPLIANT | <p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions | For a list of RPT's please refer to the notes on the Company's financial statements attached to the Annual Report. In addition, please refer to the Material Related Party Transactions Advisement Report filed by the Company. |
| Supplement to Recommendation 8.5 | | | |
| 1. Company requires directors to disclose their interests in transactions or any other conflict of interests. | COMPLIANT | Indicate where and when directors disclose their interests in transactions or any other conflict of interests. | There has been no occasion when directors had interests in or conflicts of interest in any transaction involving the Company. |
| Optional : Recommendation 8.5 | | | |
| 1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length. | | Provide link or reference where this is disclosed, if any | |
| Recommendation 8.6 | | | |
| 1. Company makes a full, fair, accurate and timely disclosure to the public of every | COMPLIANT | Provide link or reference where this is disclosed | The Company makes full, fair, accurate and timely disclosure to the public of |

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| material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. | | | every material fact or event that occur which could adversely affect the viability or the interest of its stakeholders via SEC Form 17-C that is submitted to both the SEC and the PSE. |
| 2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. | COMPLIANT | Identify independent party appointed to evaluate the fairness of the transaction price Disclose the rules and procedures for evaluating the fairness of the transaction price, if any. | Prior to the disposal of the Company's sole real estate asset, the same was evaluated and appraised by an independent party, Plaridel Adjusters and Appraisers, Inc. It was on the basis of the said appraisal, as well as sales of similar properties in the same location that the transaction price was established. |
| Supplement to Recommendation 8.6 | | | |
| 1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company. | COMPLIANT | Provide link or reference where these are disclosed. | There has been no shareholder agreement, voting trust agreement, confidentiality agreement or such other agreement that may impact on the control, ownership, and strategic direction of the Company. However, in the event of such an agreement, the Company is duty-bound to disclose the same. |
| Recommendation 8.7 | | | |
| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | COMPLIANT | Provide link to the company's website where the Manual on Corporate Governance is posted. | Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf . |
| 2. Company's MCG is submitted to the SEC and PSE. | COMPLIANT | | |
| 3. Company's MCG is posted on its company website. | COMPLIANT | | |
| Supplement to Recommendation 8.7 | | | |

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| 1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices. | COMPLIANT | Provide proof of submission. | There has been no change in the MCG of the Company since its submission on June 9, 2020. The Company undertakes to submit any such update should the occasion arise. |
| Optional: Principle 8 | | | |
| 1. Does the company's Annual Report disclose the following information: | | Provide link or reference to the company's Annual Report containing the said information. | |
| a. Corporate Objectives | | | |
| b. Financial performance indicators | | | |
| c. Non-financial performance indicators | | | |
| d. Dividend Policy | | | |
| e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors | | | |
| f. Attendance details of each director in all directors meetings held during the year | | | |
| g. Total remuneration of each member of the board of directors | | | |
| 2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, | | Provide link or reference to where this is contained in the Annual Report | |

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| identifies and explains reason for each such issue. | | | |
| 3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems. | | Provide link or reference to where this is contained in the Annual Report | |
| 4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems. | | Provide link or reference to where this is contained in the Annual Report | |
| 5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic). | | Provide link or reference to where these are contained in the Annual Report | |

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

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| 1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors. | COMPLIANT | Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor. | Prior to the filing of the Information Statement, the Audit Committee makes a recommendation to Management and the Board as to the external auditor. The action of the Board and Management on such recommendation is then included in the Information Statement. Please refer to the Information Statement on Information on Independent Accountant at the following link: http://www.phc.com.ph/ASM/20IS-2020.pdf |
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| 2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders. | COMPLIANT | Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor. | The shareholders present at the last Annual Stockholders' Meeting representing at least 80% of the total issued and outstanding capital stock, reappointed the external auditor. |
| 3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures. | COMPLIANT | Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor. | There has been no change in the external auditor since the last ASM |
| Supplement to Recommendation 9.1 | | | |
| 1. Company has a policy of rotating the lead audit partner every five years. | COMPLIANT | Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years. | The policy is a rule of the SEC which the Company follows. |
| Recommendation 9.2 | | | |
| 1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. | COMPLIANT | Provide link/reference to the company's Audit Committee Charter | Please refer to: http://www.phc.com.ph/corporate-governance/board-committee-charters.html |

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| 2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis. | COMPLIANT | Provide link/reference to the company's Audit Committee Charter | |
| Supplement to Recommendations 9.2 | | | |
| 1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. | COMPLIANT | Provide link/reference to the company's Audit Committee Charter | Please refer to: http://www.phc.com.ph/corporate-governance/board-committee-charters.html |
| 2. Audit Committee ensures that the external auditor has adequate quality control procedures. | COMPLIANT | Provide link/reference to the company's Audit Committee Charter | |
| Recommendation 9.3 | | | |
| 1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. | COMPLIANT | Disclose the nature of non-audit services performed by the external auditor, if any. | There had been no non-audit services performed by the external auditor in the last 3 years. |
| 2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity. | COMPLIANT | Provide link or reference to guidelines or policies on non-audit services | |
| Supplement to Recommendation 9.3 | | | |
| 1. Fees paid for non-audit services do not outweigh the fees paid for audit services. | COMPLIANT | Provide information on audit and non-audit fees paid. | All fees paid to the auditor are indicated in the Annual Report at the following link: |

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| | | | http://www.phc.com.ph/filings/SECform17-A2020.pdf |
| Additional Recommendation to Principle 9 | | | |
| 1. Company's external auditor is duly accredited by the SEC under Group A category. | COMPLIANT | Provide information on company's external auditor, such as: <ol style="list-style-type: none"> 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. | The Company's external auditor is Mendoza Querido & Co. with Richard S. Querido as the audit engagement partner with SEC Accreditation Number 84807-SEC (Group A) issued on November 2020 and valid for financial periods 2020 to 2024. Its offices are located at the 16F The Salcedo Towers, 169 HV delaCosta St., Salcedo Village, Makati City with telephone number +632 8887 1888. |
| 2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA). | COMPLIANT | Provide information on the following: <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. | Per the Company's information, the external auditor has not been subjected to a SOAR inspection. |
| Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed. | | | |
| Recommendation 10.1 | | | |
| 1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. | COMPLIANT | Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues. | The Company's Sustainability Report can be found as an attachment to the Annual Report http://www.phc.com.ph/filings/SECform17-A2020.pdf |

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| 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues. | COMPLIANT | Provide link to Sustainability Report, if any. Disclose the standards used. | |
| Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users. | | | |
| Recommendation 11.1 | | | |
| 1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors. | COMPLIANT | Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any. | The Company uses its website and current and quarterly reporting to the PSE and the SEC to disseminate material and relevant information to its shareholders and investors. There has been no need to hold media or analysts' briefings given the limited business of the Company. |
| Supplemental to Principle 11 | | | |
| 1. Company has a website disclosing up-to-date information on the following: | COMPLIANT | Provide link to company website | Please visit http://phc.com.ph/index.html |
| a. Financial statements/reports (latest quarterly) | COMPLIANT | | |
| b. Materials provided in briefings to analysts and media | COMPLIANT | | |
| c. Downloadable annual report | COMPLIANT | | |
| d. Notice of ASM and/or SSM | COMPLIANT | | |
| e. Minutes of ASM and/or SSM | COMPLIANT | | |
| f. Company's Articles of Incorporation and By-Laws | COMPLIANT | | |

| Additional Recommendation to Principle 11 | | | |
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| 1. Company complies with SEC-prescribed website template. | COMPLIANT | | Please visit http://phc.com.ph/index.html |
| Internal Control System and Risk Management Framework | | | |
| Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework. | | | |
| Recommendation 12.1 | | | |
| 1. Company has an adequate and effective internal control system in the conduct of its business. | COMPLIANT | <p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p> | <p>The Executive Committee serves as the check and balance for the Business Development Committee and is tasked with identifying, sourcing, measuring, evaluation, mitigating and monitoring risk. This review occurs whenever the latter committee has a proposal for review.</p> |
| 2. Company has an adequate and effective enterprise risk management framework in the conduct of its business. | COMPLIANT | <p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p> | <p>The policy on Enterprise Risk Management is posted on http://phc.com.ph/corporate-governance/risk-management.html.</p> |
| Supplement to Recommendations 12.1 | | | |

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| 1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances. | COMPLIANT | Provide information on or link/reference to a document containing the company's compliance program covering compliance with laws and relevant regulations. Indicate frequency of review. | The Compliance Officer is responsible for ensuring compliance with laws and relevant regulations as the need may arise. Please refer to the Manual on Corporate Governance at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf . |
| Optional: Recommendation 12.1 | | | |
| 1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board. | | Provide information on IT governance process | |
| Recommendation 12.2 | | | |
| 1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. | COMPLIANT | Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm. | The Company has an in-house internal auditor. In addition, the Philcomsat Group has a comptroller who checks the work of the internal auditor. |
| Recommendation 12.3 | | | |
| 1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board. | COMPLIANT | Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities. | Independent Director Oliverio L. Laperal, Jr. is the Company's Chief Audit Executive. He is responsible for overseeing and managing the internal audit. Please refer to Section 12.3 of the Manual on Corporate Governance (http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf). |
| 2. CAE oversees and is responsible for the internal audit activity of the organization, | COMPLIANT | | |

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| including that portion that is outsourced to a third party service provider. | | | The internal audit activity is not outsourced to a third-party service provider, nor has the CAE recommended such outsourcing. |
| 3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity. | COMPLIANT | Identify qualified independent executive or senior management personnel, if applicable. | |
| Recommendation 12.4 | | | |
| 1. Company has a separate risk management function to identify, assess and monitor key risk exposures. | COMPLIANT | Provide information on company's risk management function. | Please refer to the Manual on Corporate Governance at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf . |
| Supplement to Recommendation 12.4 | | | |
| 1. Company seeks external technical support in risk management when such competence is not available internally. | COMPLIANT | Identify source of external technical support, if any. | There has been no occasion when the Company was constrained to seek external technical support in risk management. |
| Recommendation 12.5 | | | |
| 1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM). | COMPLIANT | Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background. | The lead independent director, Ms. Julie Y. Daza, is the Chief Risk Officer. Please refer to the Manual on Corporate Governance at for her responsibilities as well as the Annual Report and Information Statement for her qualifications and background at the following links: |
| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities. | COMPLIANT | | http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf http://www.phc.com.ph/filings/SECform17-A2020.pdf http://www.phc.com.ph/ASM/20IS-2020.pdf . |

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| | | | As CRO, Ms. Daza has adequate authority, stature, resources, and support to fulfill her responsibilities. |
| Additional Recommendation to Principle 12 | | | |
| 1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively. | COMPLIANT | Provide link to CEO and CAE's attestation | <p>Please refer to the Statement of Management's Responsibility for Financial Statements that states that the Company's AFS was prepared in accordance with the prescribed financial reporting framework and that with such internal control that Management determines is necessary to prevent material misstatement whether due to fraud or error.</p> <p>Please refer to the AFS attached to the 2020 Annual Report at the following link: http://www.phc.com.ph/filings/SECform17-A2020.pdf</p> |
| Cultivating a Synergic Relationship with Shareholders | | | |
| Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights. | | | |
| Recommendation 13.1 | | | |
| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance. | COMPLIANT | Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed. | <p>Please refer to Section 13 of the Manual on Corporate Governance at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf.</p> |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website. | COMPLIANT | Provide link to company's website | |
| Supplement to Recommendation 13.1 | | | |
| 1. Company's common share has one vote for one share. | COMPLIANT | | <p>As stated in the Information Statement, there is only 1 class of shares in the Company and, except for election of directors, each share is entitled to one vote. With respect to election of directors,</p> |
| 2. Board ensures that all shareholders of the same class are treated equally with | COMPLIANT | Provide information on all classes of shares, including their voting rights if any. | |

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| respect to voting rights, subscription rights and transfer rights. | | | a stockholder may vote such number of shares for as many persons as there are directors to be elected, he may cumulate said shares to give one candidate as many votes as the number of directors elected or he may distribute his votes among as many candidates as he shall see fit. |
| 3. Board has an effective, secure, and efficient voting system. | COMPLIANT | Provide link to voting procedure. Indicate if voting is by poll or show of hands. | As the 2020 ASM was conducted via remote communication, ballots were sent to all qualified and registered stockholders prior to the meeting for them to fill in. |
| 4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders. | COMPLIANT | Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any. | Votes were counted and tallied by the stock transfer agent, under the supervision of the Corporate Secretary. |
| 5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting. | COMPLIANT | Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution) | To date, there has been no extraordinary proposal taken up that required special voting mechanisms. |
| 6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders. | COMPLIANT | Provide information or link/reference to the policies on treatment of minority shareholders | Special meetings may be called by stockholders owning at least one-third of the subscribed capital stock. |
| 7. Company has a transparent and specific dividend policy. | COMPLIANT | Provide information on or link/reference to the company's dividend Policy. Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration | Please refer to Section 13 of the Manual on Corporate Governance for policies on treatment of minority stockholders at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf . The Company has not declared dividends in the last 10 years. |

| Optional: Recommendation 13.1 | | | |
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| 1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting. | | Identify the independent party that counted/validated the votes at the ASM, if any. | |
| Recommendation 13.2 | | | |
| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting. | COMPLIANT | <p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p> | <p>The Information Statement for the 2020 Annual Stockholders' Meeting was sent to all stockholders at least twenty-eight (28) days prior to the meeting.</p> <p>Remuneration was not among the items discussed in the said meeting.</p> <p>Please refer to the Agenda included in the company's Information Statement at the following link: http://www.phc.com.ph/ASM/20IS-2020.pdf.</p> |
| Supplemental to Recommendation 13.2 | | | |
| 1. Company's Notice of Annual Stockholders' Meeting contains the following information: | COMPLIANT | Provide link or reference to the company's notice of Annual Shareholders' Meeting | <p>The Company's Notice of Annual Stockholders' Meeting is accompanied by an Information Statement that includes the profile of the directors, the name of the auditors seeking reappointment and a proxy form.</p> <p>Please refer to the Information Statement at the following link: http://www.phc.com.ph/ASM/20IS-2020.pdf</p> |
| a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies) | COMPLIANT | | |
| b. Auditors seeking appointment/re-appointment | COMPLIANT | | |
| c. Proxy documents | COMPLIANT | | |

Optional: Recommendation 13.2

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| 1. Company provides rationale for the agenda items for the annual stockholders meeting | | Provide link or reference to the rationale for the agenda items | |
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Recommendation 13.3

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| 1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. | COMPLIANT | Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM. | Please refer to the Minutes of the Annual Stockholders' Meeting for the relevant questions and answers during the ASM. The results of the vote taken are also included there and were made publicly available via the Company's disclosure on edge.pse.com.ph . |
| 2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting. | COMPLIANT | Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll. Include whether there was opportunity to ask question and the answers given, if any | The Minutes of the Meeting are available at the following link: http://phc.com.ph/ASM/2020Minutes.pdf The Minutes include the voting results for all agenda items, the objections made, and the questions asked, and answers given. |

Supplement to Recommendation 13.3

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| 1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM. | COMPLIANT | Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting | Representatives of the external auditor, the Treasurer and the Comptroller were all present during the ASM to answer questions from the shareholders. |
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Recommendation 13.4

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| 1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. | COMPLIANT | Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes | Per Section 13 of the Manual on Corporate Governance, any intra-corporate dispute between the Board and a shareholder should be resolved in an amicable and effective manner. For this reason, the Investor Relations officer is tasked with receiving shareholder concerns and attempting to resolve the dispute. Only if the resolution proposed by the Investor Relations officer should the shareholder consider exploring legal options. |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance. | COMPLIANT | Provide link/reference to where it is found in the Manual on Corporate Governance | <p>In addition, the Information Statement likewise discusses a stockholder's appraisal right.</p> <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf.</p> <p>Please refer to the Information Statement at the following link: http://www.phc.com.ph/ASM/20IS-2020.pdf</p> |
| Recommendation 13.5 | | | |
| 1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. | COMPLIANT | <p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address | Shareholder concerns may be addressed to Atty. Jose Pio J. Seva at tel. no. (632) 8815-8406 or email info@phc.com.ph . Atty. Seva was present during the ASM. |

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| 2. IRO is present at every shareholder's meeting. | COMPLIANT | Indicate if the IRO was present during the ASM. | |
| Supplemental Recommendations to Principle 13 | | | |
| 1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group | COMPLIANT | Provide information on how anti-takeover measures or similar devices were avoided by the board, if any. | While the major stockholder, Philcomsat, wished to list its shares in order to avoid accusations of preventing takeovers, such listing was prevented by the Presidential Commission on Good Government. To date, the PCGG has not withdrawn its objection to the listing of the shares of Philcomsat. |
| 2. Company has at least thirty percent (30%) public float to increase liquidity in the market. | COMPLIANT | Indicate the company's public float. | The current public float of the Company is 10.05% which is the minimum required by current rules and regulations. The public float could have been increased had the shares of the major stockholder been listed, however, this listing was opposed by the PCGG, as explained above. |
| Optional: Principle 13 | | | |
| 1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting | | Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM | |
| 2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting. | | Disclose the process and procedure for secure electronic voting in absentia, if any. | |
| Duties to Stakeholders | | | |
| Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights. | | | |
| Recommendation 14.1 | | | |

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| 1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability. | COMPLIANT | Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders. | <p>All the stockholders of the Company are contained in a list that was submitted to the SEC and the PSE 30 days prior to the ASM.</p> <p>Stockholders may check the Manual on Corporate Governance for policies and programs.</p> <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf.</p> |
| Recommendation 14.2 | | | |
| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | COMPLIANT | Identify policies and programs for the protection and fair treatment of company's stakeholders | <p>The Manual on Corporate Governance ensures that stockholders' basic rights such a voting right, pre-emptive right, inspection right, information right, dividend right and appraisal right are respected.</p> <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf.</p> |
| Recommendation 14.3 | | | |
| 1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights. | COMPLIANT | Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights. | <p>The stakeholders can voice their concerns and/or complaints to: Atty. Jose Pio J. Seva at telephone number (632) 8815-8406.</p> <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf.</p> |

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| | | Provide information on whistleblowing policy, practices and procedures for stakeholders | In addition, the Company's policies can be found at this link: http://www.phc.com.ph/corporate-governance/policies.html |
| Supplement to Recommendation 14.3 | | | |
| 1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner. | COMPLIANT | Provide information on the alternative dispute resolution system established by the company. | <p>Any intra-corporate dispute between the Board and a shareholder should be resolved in an amicable and effective manner. For this reason, the Investor Relations officer is tasked with receiving shareholder concerns and attempting to resolve the dispute. Only if the resolution proposed by the Investor Relations officer should the shareholder consider exploring legal options.</p> <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf.</p> |
| Additional Recommendations to Principle 14 | | | |
| 1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation. | COMPLIANT | Disclose any requests for exemption by the company and the reason for the request. | <p>There has been no request for exemption from any law, rule or regulation filed by the Company.</p> <p>There has been no occasion wherein the Company would have violated the intellectual property rights of another.</p> |
| 2. Company respects intellectual property rights. | COMPLIANT | Provide specific instances, if any. | |
| Optional: Principle 14 | | | |

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| 1. Company discloses its policies and practices that address customers' welfare | | Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same. | |
| 2. Company discloses its policies and practices that address supplier/contractor selection procedures | | Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same. | |
| Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes. | | | |
| Recommendation 15.1 | | | |
| 1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. | COMPLIANT | Provide information on or link/reference to company policies, programs and procedures that encourage employee participation. | Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf . |
| Supplement to Recommendation 15.1 | | | |
| 1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. | COMPLIANT | Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders. | The Company has no regular employees. Instead the Company engaged consultants from its major stockholder, Philcomsat, to address the Company's concerns. These consultants are covered by Philcomsat's incentive, health, safety and welfare programs. Nonetheless, whenever required by law, rules or regulations such as an annual corporate governance seminar, these consultants are required to attend to stay qualified to service the Company. |

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| 2. Company has policies and practices on health, safety and welfare of its employees. | COMPLIANT | Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any. | |
| 3. Company has policies and practices on training and development of its employees. | COMPLIANT | Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended. | |
| Recommendation 15.2 | | | |
| 1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. | COMPLIANT | Identify or provide link/reference to the company's policies, programs and practices on anti-corruption | The Board is strongly against corrupt practices and Management has repeatedly reminded Company employees through Memos that it will not tolerate the offering and paying of bribes to any government official. Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf . |
| 2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture. | COMPLIANT | Identify how the board disseminated the policy and program to employees across the organization | |
| Supplement to Recommendation 15.2 | | | |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes. | COMPLIANT | Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy. | Violation of company policies is investigated by the Compliance Officer. Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf . To date, there has been no instance of corrupt practices involving any of the Company employees. |
| Recommendation 15.3 | | | |

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| 1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation | COMPLIANT | <p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p> | <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf.</p> <p>In addition, the Company's whistle-blowing policy can be found at this link.</p> <p>All employees have access to the independent directors who are tasked to handle whistle blowing concerns.</p> |
| 2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. | COMPLIANT | | <p>The independent directors have been tasked to ensure the confidentiality of the informer and protection from retaliation.</p> |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | COMPLIANT | <p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p> | <p>The contact details of the independent directors are posted on the bulletin board of the Company that can be accessed by any employee.</p> <p>To date, there has been no incident of whistleblowing thus there has been no occasion for the board to supervise and ensure enforcement of the whistleblowing framework.</p> |

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1


| | | | |
|---|-----------|---|--|
| 1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to | COMPLIANT | <p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p> | <p>Please refer to the Company's MCG at the following link: http://www.phc.com.ph/corporate-governance/2020ManualCG.pdf</p> |
|---|-----------|---|--|

| | | | |
|---|--|--|--|
| grow its business, while contributing to the advancement of the society where it operates. | | | |
| Optional: Principle 16 | | | |
| 1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development | | Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development. | |
| 2. Company exerts effort to interact positively with the communities in which it operates | | Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates. | |

-END-

Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized in Makati City, on _____.

SIGNATURES


SANTIAGO J. RANADA
Chairman of the Board


JULIE YAP-DAZA
Independent Director


BERNADETTE Y. BLANCO
Compliance Officer


JOSE RAMON C. OZAMIZ
Independent Director


KATRINA C. PONCE-ENRILE
President/CEO


OLIVERIO L. LAPERAL, JR.
Independent Director


JOHN BENEDICT L. SIOSON
Corporate Secretary


SUBSCRIBED AND SWORN to before me this MAY 25 2021 in Makati City, affiants exhibiting to me their competent evidence of identity as follows:

Santiago J. Ranada
Katrina C. Ponce-Enrile
Julie Yap-Daza
Jose Ramon C. Ozamiz
Oliverio L. Laperal, Jr.
Bernadette Y. Blanco
John Benedict L. Sioson

Passport No. P0274808B
Passport No. P5615337A
Passport No. P6734768A
DL No. N01-78-003042
DL No. N11-80-008232
UMID CRN 003-3408-2044-2
DL No. N04-89-11086

17 January 2019/DFA NCR East
15 January 2018/DFA Manila
18 April 2018, DFA NCR
Until February 2023, LTO Makati
Until June 24, 2024, NCR
Until September 2024, LTO Makati

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ATTY. ROBERT M. LUZ
NOTARY PUBLIC
Until December 31, 2021
Appt. No. M-37, Makati City
IBP #135589 for 2021 - RSM
S.C. Roll No. 59597
PTR #8533515, Jan 04, 2021-Makati
MCLE Compliance No. VI-0028451
Issued on 08-28-2019, Valid until 04-14-2022
Unit 301 3rd Flr Campos Rueda Bldg
101 Urban Ave., Brgy Pio del Pilar, Makati City