COVER SHEET

M A N I L A W A T E R C O M P A N Y I N C

M W S S A D M I N I S T R A T I O N B U I L D I N G

4 8 9 K A T I P U N A N R O A D B A L A R A 1 1 0 5
Q U E Z O N C I T Y M E T R O M A N I L A

(Company’s Full Name)

M A N I L A W A T E R C O M P A N Y I N C

M W S S A D M I N I S T R A T I O N B U I L D I N G

4 8 9 K A T I P U N A N R O A D B A L A R A 1 1 0 5
Q U E Z O N C I T Y M E T R O M A N I L A

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

Atty. JHOEL P. RAQUEDAN

981-8122

Contact Person

Company Telephone Number

2016 ACGR with
Updates as of June 30, 2017

1 2 3 1

Month
Fiscal Year

ST O C K

FORM TYPE

0 4

Month
Annual Meeting

Secondary License Type, If Applicable

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S
SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **June 30, 2017**

2. Exact Name of Registrant as Specified in its Charter **MANILA WATER COMPANY, INC.**

3. **2F MWSS Admin. Bldg., 489 Katipunan Road, Balara, Quezon City** 1105
   Address of Principal Office
   Postal Code

4. SEC Identification Number **A 1996-11593**

5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **005-038-428**

7. **(02) 981-8122**
   Issuer’s Telephone number, including area code

8. ............................................................
   Former name or former address, if changed from the last report
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A. BOARD MATTERS

1) Board of Directors

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<thead>
<tr>
<th>Number of Directors per Articles of Incorporation</th>
<th>Eleven (11)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual number of Directors for the year</td>
<td>Eleven (11)</td>
</tr>
</tbody>
</table>

(a) Composition of the Board

Complete the table with information on the Board of Directors:

<table>
<thead>
<tr>
<th>Director’s Name</th>
<th>Type(^1)</th>
<th>If nominee, identify the principal</th>
<th>Nominator in the last election(^2)</th>
<th>Date first elected</th>
<th>Date last elected</th>
<th>Elected when</th>
<th>No. of years served as Director(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>NED</td>
<td>Ayala Corp.</td>
<td>Thom Ryan Ortega (not related)</td>
<td>May 15, 1997</td>
<td>April 17, 2017</td>
<td>ASM*</td>
<td>20</td>
</tr>
<tr>
<td>Gerardo C. Ablaza, Jr.</td>
<td>NED</td>
<td>Ayala Corp.</td>
<td>Thom Ryan Ortega (not related)</td>
<td>November 26, 2009</td>
<td>April 17, 2017</td>
<td>ASM</td>
<td>7</td>
</tr>
</tbody>
</table>

---

\(^1\) Executive (ED), Non-Executive (NED) or Independent Director (ID)

\(^2\) If ID, state the relationship with the nominator

\(^3\) If ID, state the number of years served as ID. Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
<th>Director/Officer (not related)</th>
<th>Term of Office 1</th>
<th>Term of Office 2</th>
<th>Type</th>
<th>Years in Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delfin L. Lazaro</td>
<td>NED</td>
<td>Ayala Corp.</td>
<td>Karen Grace Dolot (not related)</td>
<td>May 6, 2002</td>
<td>April 17, 2017</td>
<td>ASM</td>
<td>15</td>
</tr>
<tr>
<td>Oscar S. Reyes</td>
<td>ID</td>
<td>N/A</td>
<td>Normita Regina Collantes (not related)</td>
<td>February 3, 2005</td>
<td>April 17, 2017</td>
<td>ASM</td>
<td>54</td>
</tr>
<tr>
<td>Jose L. Cuisia Jr.</td>
<td>ID</td>
<td>N/A</td>
<td>Norberto Arroza (not related)</td>
<td>April 12, 2010</td>
<td>April 17, 2017</td>
<td>ASM</td>
<td>55</td>
</tr>
<tr>
<td>Sherisa P. Nuesa</td>
<td>ID</td>
<td>N/A</td>
<td>Janice Galapon (not related)</td>
<td>April 15, 2013</td>
<td>April 17, 2017</td>
<td>ASM</td>
<td>4</td>
</tr>
<tr>
<td>Jaime C. Laya</td>
<td>ID</td>
<td>N/A</td>
<td>Gerlee Ang (not related)</td>
<td>April 4, 2014</td>
<td>April 17, 2017</td>
<td>ASM</td>
<td>3</td>
</tr>
<tr>
<td>Ferdinand M. dela Cruz**</td>
<td>ED</td>
<td>Ayala Corp.</td>
<td>Ma. Donnabel Tan (not related)</td>
<td>April 17, 2017</td>
<td>April 17, 2017</td>
<td>ASM</td>
<td>0</td>
</tr>
</tbody>
</table>

*Annual Stockholders’ Meeting
**Mr. Ferdinand M. Dela Cruz replaced Ms. Victoria P. Garchitorena, whose term of office ended on April 17, 2017.

4 Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
5 Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
Please provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The corporate governance policy of Manila Water Company, Inc. (hereafter, the “Company”, the “Corporation”, or “Manila Water”) is primarily contained in its Manual of Corporate Governance (“Manual”) The new Manual pursuant to SEC Memorandum Circular No. 19 Series of 2016 was approved and adopted by the Executive Committee on May 18, 2017 and was approved, noted and ratified by the Board on June 8, 2017.

Manila Water is committed to provide the highest quality of service to all its customers. In the process of delivering its services, the Company consciously and continuously seeks to improve the well-being of every community it serves, as well as that of the natural environment in which it operates.

As the Company moves towards the accomplishment of its corporate goals and ultimately to create and sustain increased value for all its shareholders, the Board of Directors, the Management, officers and employees of Manila Water believe that sound and effective corporate governance is fundamental to the Company’s continued success and long-term existence.

The Manual aims to improve, systematize, and make the Company’s governance transparent, and demonstrate the Company’s commitment to good governance, by developing and furthering:

• Responsible, accountable, and value-based performance management;
• Effective Board oversight, with Board Committees that act in the best interests of the Company and its stakeholders, including minority shareholders, and seek to enhance shareholder value in a sustainable manner; and
• Adequate information disclosure and transparency, as well as effective system of compliance, risk management and internal control.

The Manual principally contains the corporate governance structure of the Company, recognizes and safeguards the rights of every shareholder, and promotes shareholders’ rights, particularly the rights to information and to participate in the governance process. It supplements and complements the Articles of Incorporation and By-Laws of the Company.

The Company’s corporate governance framework is based primarily on the following fundamental principles:

A. Board’s Governance Responsibilities

1. The Company should be headed by a competent, working board to foster the long-term success of the Company, 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.
2. The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Company’s Articles of Incorporation 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.

3. Board Committees are set up 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.

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 Company’s business.

5. The Board should endeavor to exercise objective and independent judgment on all corporate affairs.

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.

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

B. Disclosure and Transparency

8. The Company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

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.

10. The Company should ensure that material and reportable non-financial and sustainability issues are disclosed.

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.

C. Internal Control System and Risk Management Framework

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.

D. Cultivating a Synergic Relationship with Shareholders

13. The Company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

E. Duties to Stakeholders

14. The Company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.
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.

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.

(c) How often does the Board review and approve the vision and mission?

To ensure good governance of the Company, the Board is mandated to establish a vision and mission and strategic objectives and key policies and procedures for the management of the Company, as well as the mechanism for monitoring and evaluating the Management’s performance, especially that of the President and Chief Executive Officer (CEO). The Board is enjoined to periodically review the vision, mission, corporate strategic objectives and key policies of the Company in order to sustain the Company’s market competitiveness and enhance shareholder value.

In its Charter which the Board approved and first adopted on April 4, 2014 (“Charter of the Board”), it is provided in Section 3.1.2 thereof that the Board shall regularly review, at least annually, the vision and mission of the Corporation and shall revise the same, as may be necessary, in accordance with the strategic directions of the Company. Furthermore, pursuant to the rate rebasing provision of the Concession Agreement of the Company with the government owned and controlled corporation Metropolitan Waterworks and Sewerage System (MWSS), the Company revisits its business plan every five (5) years.

In its regular meeting held on March 1, 2017, which meeting was attended by all the members of the Board, the Board has evaluated and confirmed the following Mission-Vision Statements of the Company as still relevant and in accordance with the Company’s strategic directions and corporate objectives:

Mission

“Our mission is to create an exceptional customer experience in the provision of sustainable solutions vital to health and life.”

Vision

“Our vision is to become a leader in the provision of water, used water and environmental services which will empower people, protect the environment, and enhance sustainable development.”
(d) Directorship in Other Companies

(i) Directorship in the Company’s Group

Identify, as and if applicable, the members of the company’s Board of Directors who hold the office of director in other companies within its Group:

Below are the directorships in the Company’s Group of the current members of the Board:

<table>
<thead>
<tr>
<th>Director’s Name</th>
<th>Corporate Name of the Group Company</th>
<th>Type of Directorship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>Ayala Corporation</td>
<td>Executive</td>
</tr>
<tr>
<td>Mermac, Inc.</td>
<td></td>
<td>Non-Executive (Co-Vice Chairman)</td>
</tr>
<tr>
<td>Ayala Group Club, Inc.</td>
<td></td>
<td>Non-Executive (Co-Chairman)</td>
</tr>
</tbody>
</table>

6 The Group is composed of the parent, subsidiaries, associates and joint ventures of the Company.

7 Executive, Non-Executive, Independent. Indicate if director is also the Chairman.
<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
<th>Executive Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>Ayala Corporation</td>
<td>Executive (Chairman and CEO)</td>
</tr>
<tr>
<td></td>
<td>Ayala Foundation and Ayala Group Club, Inc.</td>
<td>Non-Executive (Co-Chairman)</td>
</tr>
<tr>
<td></td>
<td>Ayala Land, Inc.</td>
<td>Non-Executive (Vice Chairman)</td>
</tr>
<tr>
<td></td>
<td>Mermac, Inc.</td>
<td>Non-Executive (Co-Vice Chairman)</td>
</tr>
<tr>
<td>Gerardo C. Ablaza Jr.</td>
<td>Boracay Island Water Company, Inc.</td>
<td>Non-Executive (Chairman)</td>
</tr>
<tr>
<td></td>
<td>Laguna AAAWater Corporation</td>
<td>Non-Executive (Vice-Chairman)</td>
</tr>
<tr>
<td>Name</td>
<td>Company/Position</td>
<td>Title</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td></td>
<td>Asiacom Philippines, Inc.</td>
<td>Executive (Vice Chairman and President)</td>
</tr>
<tr>
<td></td>
<td>Azalea Intl. Ventures Partners, Ltd.</td>
<td>Executive (President)</td>
</tr>
<tr>
<td>John Eric T. Francia</td>
<td>AC Energy Holdings, Inc.</td>
<td>Executive (President and Chief Executive Officer)</td>
</tr>
<tr>
<td>Jaime C. Laya (ID)</td>
<td>Ayala Land, Inc.</td>
<td>Independent</td>
</tr>
</tbody>
</table>
Ayala Foundation, Inc. | Non-Executive
---|---
Sherisa P. Nuesa (ID) | Actimed Group composed of Actimed, Inc., Erikagen, Inc., Novelis Solutions, Inc. and Pharma Gen Ventures Corp. | Non-Executive

* Mr. Ferdinand M. dela Cruz was elected as Director of the Company by the stockholders during their annual meeting held on April 17, 2017. He replaced Ms. Victoria P. Garchitorena whose term of office ended on April 17, 2017.

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company’s Board of Directors who are also directors of publicly-listed companies outside of its Group:

Below are the directorships of the Company’s members of the Board in publicly-listed companies outside of its Group:

<table>
<thead>
<tr>
<th>Director’s Name</th>
<th>Name of Listed Company</th>
<th>Type of Directorship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sherisa P. Nuesa (ID)</td>
<td>Far Eastern University</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Oscar S. Reyes (ID)</td>
<td>Pepsi Cola Products (Phils.), Inc.</td>
<td>Non-Executive (Chairman)</td>
</tr>
<tr>
<td></td>
<td>Basic Energy Corporation, Cosco Capital, Inc. and PLDT</td>
<td>Non-Executive</td>
</tr>
<tr>
<td></td>
<td>Manila Electric Company, Inc.</td>
<td>Executive (President and Chief Executive Officer)</td>
</tr>
<tr>
<td>Jose L. Cuisia, Jr. (ID)</td>
<td>SM Prime Holdings</td>
<td>Independent (Vice-Chairman)</td>
</tr>
<tr>
<td></td>
<td>Phinma Corporation</td>
<td>Non-Executive</td>
</tr>
<tr>
<td></td>
<td>Century Properties Group Inc.</td>
<td>Independent</td>
</tr>
<tr>
<td>Jaime C. Laya (ID)</td>
<td>Philippine Trust Company (Philtrust Bank)</td>
<td>Executive (Chairman and President)</td>
</tr>
<tr>
<td></td>
<td>GMA Network, Inc., GMA Holdings, Inc.</td>
<td>Independent</td>
</tr>
</tbody>
</table>
(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

<table>
<thead>
<tr>
<th>Director’s Name</th>
<th>Name of the Significant Shareholder</th>
<th>Description of the relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>Ayala Corporation</td>
<td>President and Chief Operating Officer of Ayala Corporation</td>
</tr>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>Ayala Corporation</td>
<td>Chairman and CEO of Ayala Corporation</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>Ayala Corporation</td>
<td>Non-Executive Director of Ayala Corporation</td>
</tr>
</tbody>
</table>

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

Yes. The Company ensures that adequate time and attention is given to the fulfillment of the directors of their duties. The independent directors are enjoined to hold not more than five board seats in publicly-listed companies and executive directors can hold no more than two board seats in listed companies. In the implementation of this policy, several directorships in related companies or companies in the same industry is considered as one.8

In particular, the Company subscribes to the following guidelines which are contained in the Manual, in the Charter of the Board, and in the relevant laws, rules and regulations:

<table>
<thead>
<tr>
<th>Guidelines</th>
<th>Maximum Number of Directorships in other companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>The President, who is also the CEO, must be a director. Hence, the guidelines for a director apply to the CEO.</td>
<td>A director may hold directorships outside of the Company provided that these other positions do not detract from the director’s capacity to diligently perform his duties as director of the Company.12</td>
</tr>
<tr>
<td>A director should notify the Board before accepting a directorship in another company.9</td>
<td>In the implementation of this policy, the Board considers several directorships in related companies or companies (i.e. in a Group) as one.13</td>
</tr>
<tr>
<td>A director shall exercise due discretion in accepting and holding directorships outside of the Company.10</td>
<td></td>
</tr>
</tbody>
</table>

---

8 Charter of the Board, Section 5.1
9 Manual of Corporate Governance, Article 1, Section 1.11 (b), page 11
10 Ibid
No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Company. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged --

h.1) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Company owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Company, or

h.2) If he is an officer, manager or controlling person, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Company, or when in the judgment of the Board, by at least three-fourths (3/4) vote, deems that the laws against combinations in restraint of trade shall be violated by such person’s membership in the Board of Directors; or

h.3) If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (h.1) or (h.2).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.11

<table>
<thead>
<tr>
<th>Independent Director</th>
<th>SEC Memorandum Circular No. 9 S. 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>A director should notify the Board before accepting a directorship in</td>
<td></td>
</tr>
<tr>
<td>There shall be no limit in the number of covered companies that a person may be elected as Independent Director, except in business conglomerates</td>
<td></td>
</tr>
</tbody>
</table>

12 Ibid
13 Ibid
11 Manual of Corporate Governance, Appendix 3
another company.\textsuperscript{14}

A director shall exercise due discretion in accepting and holding directorships outside of the Company.\textsuperscript{15}

No person shall qualify or be eligible for nomination or election to the Board if he is engaged in any business which competes with or antagonistic to that of the Company.\textsuperscript{16}

where an Independent Director can be elected to (5) publicly listed companies of the Conglomerate.\textsuperscript{17}

A director may hold directorships outside of the Company provided that these other positions do not detract from the director’s capacity to diligently perform his duties as director of the Company.\textsuperscript{18}

In the implementation of this policy, the Board considers several directorships in related companies or companies (i.e. in a Group) as one.\textsuperscript{19}

<table>
<thead>
<tr>
<th><strong>Executive Director</strong></th>
<th>A director should notify the Board before accepting a directorship in another company.\textsuperscript{20}</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A director shall exercise due discretion in accepting and holding directorships outside of the Company.\textsuperscript{21}</td>
</tr>
<tr>
<td></td>
<td>No person shall qualify or be eligible for nomination or election to the Board if he is engaged in any business which competes with or antagonistic to that of the Company.\textsuperscript{22}</td>
</tr>
<tr>
<td></td>
<td>A director may hold directorships outside of the Company provided that these other positions do not detract from the director’s capacity to diligently perform his duties as director of the Company.\textsuperscript{23}</td>
</tr>
<tr>
<td></td>
<td>In the implementation of this policy, the Board considers several directorships in related companies or companies (i.e. in a Group) as one.\textsuperscript{24}</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Non-Executive Director</strong></th>
<th>A director should notify the Board before accepting a directorship in another company.\textsuperscript{25}</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A director may hold directorships outside of the Company provided that these other positions do not detract from the director’s capacity to diligently perform his duties as director of the Company.\textsuperscript{23}</td>
</tr>
<tr>
<td></td>
<td>In the implementation of this policy, the Board considers several directorships in related companies or companies (i.e. in a Group) as one.\textsuperscript{24}</td>
</tr>
</tbody>
</table>

\textsuperscript{14} Manual of Corporate Governance, Article 1, Section 1.11 (b), page 11
\textsuperscript{15} Manual of Corporate Governance, Article I, Section 1.11 (b), page 11
\textsuperscript{16} Manual of Corporate Governance, Appendix 3
\textsuperscript{17} SEC Memorandum Circular No. 9 Series of 2011
\textsuperscript{18} Manual of Corporate Governance, Article 1, Section 1.11 (b), page 11
\textsuperscript{19} Ibid
\textsuperscript{20} Ibid
\textsuperscript{21} Ibid
\textsuperscript{22} Manual of Corporate Governance, Appendix 3
\textsuperscript{23} Ibid
\textsuperscript{24} Ibid
\textsuperscript{25} Ibid
A director shall exercise due discretion in accepting and holding directorships outside of the Company.\textsuperscript{26} perform his duties as director of the Company.\textsuperscript{27}

In the implementation of this policy, the Board considers several directorships in related companies or companies (i.e. in a Group) as one.\textsuperscript{28}

(c) Shareholding in the Company

Complete the following table on the members of the company’s Board of Directors who directly and indirectly own shares in the company:

The following table lists the shareholding of the Board of Directors in the Company as of June 30, 2017:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Number of Direct shares</th>
<th>Number of Indirect shares / Through (name of record owner)</th>
<th>Class of Share</th>
<th>% of Total Common Stock or Preferred Stock\textsuperscript{29}</th>
<th>% of Total Outstanding Capital Stock\textsuperscript{30}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>1</td>
<td>0</td>
<td>Common</td>
<td>0.000000005%</td>
<td>0.000000002%</td>
</tr>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>1</td>
<td>0</td>
<td>Common</td>
<td>0.000000005%</td>
<td>0.000000002%</td>
</tr>
<tr>
<td>Ferdinand M. dela Cruz</td>
<td>0</td>
<td>1,248,264</td>
<td>Common</td>
<td>0.06077395%</td>
<td>0.02061901%</td>
</tr>
<tr>
<td>Gerardo C. Ablaza Jr.</td>
<td>1</td>
<td>4,126,077</td>
<td>Common</td>
<td>0.20088543%</td>
<td>0.06815518%</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>1</td>
<td>0</td>
<td>Common</td>
<td>0.000000005%</td>
<td>0.000000002%</td>
</tr>
<tr>
<td>Antonino T. Aquino</td>
<td>10,800,001</td>
<td>1,949,542</td>
<td>Common</td>
<td>0.62073412%</td>
<td>0.21059889%</td>
</tr>
<tr>
<td>John Eric T. Francia</td>
<td>1</td>
<td>0</td>
<td>Preferred</td>
<td>0.00000003%</td>
<td>0.00000002%</td>
</tr>
<tr>
<td>Sherisa P. Nuesa (Independent)</td>
<td>1,900,000</td>
<td>3,193,607</td>
<td>Common</td>
<td>0.24799130%</td>
<td>0.08413698%</td>
</tr>
<tr>
<td>Jose L. Cuisia Jr. (Independent)</td>
<td>1</td>
<td>0</td>
<td>Common</td>
<td>0.000000005%</td>
<td>0.000000002%</td>
</tr>
<tr>
<td>Oscar S. Reyes (Independent)</td>
<td>330,001</td>
<td>0</td>
<td>Common</td>
<td>0.01606668%</td>
<td>0.00545101%</td>
</tr>
<tr>
<td>Jaime C. Laya (Independent)</td>
<td>100</td>
<td>4,900</td>
<td>Common</td>
<td>0.00024343%</td>
<td>0.00008259%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13,030,108</strong></td>
<td><strong>10,522,390</strong></td>
<td></td>
<td><strong>1.14669514%</strong></td>
<td><strong>0.38904376%</strong></td>
</tr>
</tbody>
</table>

\textsuperscript{26} Ibid

\textsuperscript{27} Ibid

\textsuperscript{28} Ibid

\textsuperscript{29} Based on the number of Common Shares (2,053,945,884) or Preferred Shares (4,000,000,000) of the Company as of June 30, 2017, as the case may be.

\textsuperscript{30} Based on the total number of outstanding capital stock of the Company as of June 30, 2017.
The following table lists the shareholding of the Board of Directors in the Company as of December 31, 2016:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Number of Direct shares</th>
<th>Number of Indirect shares / Through (name of record owner)</th>
<th>Class of Share</th>
<th>% of Total Common Stock or Preferred Stock</th>
<th>% of Total Outstanding Capital Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>1</td>
<td>0</td>
<td>Common</td>
<td>0.00000005%</td>
<td>0.00000002%</td>
</tr>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>1</td>
<td>0</td>
<td>Common</td>
<td>0.00000005%</td>
<td>0.00000002%</td>
</tr>
<tr>
<td>Gerardo C. Ablaza Jr.</td>
<td>1</td>
<td>4,126,077 / ESOWN</td>
<td>Common</td>
<td>0.20088543%</td>
<td>0.06815518%</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>1</td>
<td>0</td>
<td>Common</td>
<td>0.00000005%</td>
<td>0.00000002%</td>
</tr>
<tr>
<td>Antonino T. Aquino</td>
<td>10,800,001</td>
<td>1,949,542 / ESOWN</td>
<td>Common</td>
<td>0.62073412%</td>
<td>0.21059889%</td>
</tr>
<tr>
<td>John Eric T. Francia</td>
<td>1</td>
<td>0</td>
<td>Preferred</td>
<td>0.00000003%</td>
<td>0.00000002%</td>
</tr>
<tr>
<td>Sherisa P. Nuesa (Independent)</td>
<td>1,900,000</td>
<td>3,193,607 / ESOWN and PCD</td>
<td>Common</td>
<td>0.24799130%</td>
<td>0.08413698%</td>
</tr>
<tr>
<td>Jose L. Cuisia Jr. (Independent)</td>
<td>1</td>
<td>0</td>
<td>Common</td>
<td>0.00000005%</td>
<td>0.00000002%</td>
</tr>
<tr>
<td>Oscar S. Reyes (Independent)</td>
<td>330,001</td>
<td>0</td>
<td>Common</td>
<td>0.01606668%</td>
<td>0.00545101%</td>
</tr>
<tr>
<td>Victoria P. Garchitorena</td>
<td>1</td>
<td>0</td>
<td>Preferred</td>
<td>0.00000003%</td>
<td>0.00000002%</td>
</tr>
<tr>
<td>Jaime C. Laya (Independent)</td>
<td>100</td>
<td>4,900 / PCD and Family</td>
<td>Common</td>
<td>0.00024343%</td>
<td>0.00008259%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13,030,109</strong></td>
<td><strong>9,274,126</strong></td>
<td></td>
<td><strong>1.08592122%</strong></td>
<td><strong>0.36842477%</strong></td>
</tr>
</tbody>
</table>

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [ ] No [ ]

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31 Based on the number of Common Shares (2,053,945,884) or Preferred Shares (6,053,945,884) of the Company as of December 31, 2016, as the case may be

32 Based on the total number of outstanding capital stock of the Company (6,053,945,884) as of December 31, 2016
Identify the Chair and CEO:

<table>
<thead>
<tr>
<th>Chairman of the Board</th>
<th>Fernando Zobel de Ayala</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO/President</td>
<td>Ferdinand M. dela Cruz*</td>
</tr>
</tbody>
</table>

*Mr. Ferdinand M. dela Cruz was elected as Director of the Company by the stockholders during their annual meeting held on April 17, 2017. He was appointed President/CEO by the Board at the organizational meeting held immediately after the annual stockholders’ meeting. He replaced Mr. Gerardo C. Ablaza, Jr. who served as President/CEO until April 17, 2017.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

<table>
<thead>
<tr>
<th>Role</th>
<th>Chairman</th>
<th>Chief Executive Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The primary functions of the Chairman are as follows:</td>
<td>The CEO/President shall have the administration and direction of the day to day business affairs of the Company.</td>
</tr>
<tr>
<td></td>
<td>a. Facilitate the operations and deliberations of the Board; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Ensure the performance of the Board’s functions and responsibilities⁸³</td>
<td></td>
</tr>
<tr>
<td></td>
<td>It should be emphasized, however, that the Chairman holds no special power or voting rights as against the other directors. The Board of Directors acts as a body and deliberates as a whole on matters presented to the Board.</td>
<td>He also exercises such powers and performs such duties specified in the By Laws and in the Manual of Corporate Governance.</td>
</tr>
</tbody>
</table>

³³ Charter of the Board, Sections 3.2.1 and 3.2.5
³⁴ Amended By Laws, Article IV, Section 4.
<table>
<thead>
<tr>
<th>Accountabilities</th>
</tr>
</thead>
</table>
| Directors who willfully and knowingly vote for or consent to patently unlawful acts of the Company or who are guilty of gross negligence or bad faith in directing the affairs of the Company or acquire any personal or pecuniary interest in conflict with their duty as directors shall be liable jointly and severally for all damages resulting therefrom suffered by the Company, its stockholders and other persons.  
Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Company, he must account to the latter for all such profits by refunding the same unless ratified by the stockholders.  
When a director or officer attempts to acquire or acquires, in violation of his duty any interest adverse to the Company in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Company and must account for the profits which otherwise would have accrued to the Company. |
| Deliverables |
| Responsibilities of the Chairman:  
*The Chairman of the Board*  
The Board shall be headed by a competent and qualified chairperson. The Directors shall choose a member from among them who shall be the Chairman of the Board. The Board of Directors may, in its discretion and in accordance with the By-Laws, elect a Vice Chairman of the Board from among its members.  
The roles of the Chairman and the President/CEO shall be |
| Responsibilities of the President/CEO.  
*The Chief Executive Officer*  
The CEO shall be ultimately accountable for the Company’s organizational and procedural controls.  
The CEO has the following roles and responsibilities, among others:  
(a) Determines the Company’s strategic direction and formulates and implements its strategic plan on the direction of the business; |
separate to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. The Company shall disclose the relationship between the Chairman and the President, if any.

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

**Roles of the Chairman of the Board**

(a) The Chairman of the Board shall preside at all meetings of the Board and shall render advice and counsel to the President. In the absence of the Chairman of the Board, the Vice-Chairman shall preside at the meetings of the Board.

(b) The Chairman shall:

(i) Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

(ii) Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;

(iii) Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;

(iv) Ensure that the Board sufficiently challenges and

(b) Communicates and implements the Company’s vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;

(c) Oversees the operations of the Company and manages human and financial resources in accordance with the strategic plan;

(d) Has a good working knowledge of the Company’s industry and market and keeps up-to-date with its core business purpose;

(e) Directs, evaluates and guides the work of the key officers of the Company;

(f) Manages the Company’s resources prudently and ensures a proper balance of the same;

(g) Provides the Board with timely information and interfaces between the Board and the employees;

(h) Builds the corporate culture and motivates the employees of the Company; and

(i) Serves as the link between internal operations and external stakeholders.

The CEO shall have such other responsibilities as may be provided in the By-Laws or as the Board may impose upon him.  

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40 Manual of Corporate Governance, Article VIII, Section 8.4, pages 38-39
inquires on reports submitted and representations made by Management;
(v) Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
(vi) Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

(c) The Chairman shall have such other responsibilities as may be provided in the By-Laws or as may be imposed by the Board from time to time, or as may be provided in the Charter of the Board.\(^\text{39}\)

3) **Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?**

The Board, with the assistance of the Remuneration Committee and the Company's Corporate Human Resources Group, has adopted a professional development program for employees, officers and senior management. Through Competency Management, the Company has put in place a process to determine the skills necessary for particular positions in the Company and identifies key talents for purposes of succession. The Company's Corporate Human Resources Group has developed a Talent Master Plan to determine the right organizational structuring, recruitment strategies, performance evaluation methodologies, total rewards management, and career development all geared to attract, retain, and engage the company's employees, officers and senior management and to cultivate them to become the Company's future business leaders.

The development of leadership talent is crucial to the success of Manila Water in the future. Hence, it is one of the top strategic priorities of the Company. For the succession of the top key management positions, the Company has formed an Acceleration Pool composed of selected high potential key talents within the organization, who embodies the values and commitment to excellence of a Manila Water leader.

As part of the Acceleration pool, a talent is subjected to the following:

a. Undergoing an assessment that gauges a talent's business driver readiness and leadership competencies
b. Creating an Individual Development Plan that addresses strengths to leverage, developmental areas and stretched assignments
c. Coaching and mentoring session with the Management Committee.

The Management Committee is composed of the top key executives of the Company from the President/CEO to those occupying positions equivalent to Vice Presidents.

\(^{39}\) Manual of Corporate Governance, Article II, pages 13-14
4) **Other Executive, Non-Executive and Independent Directors**

**Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.**

Yes. The Manual\(^1\) requires that the directors, aside from the usual general and statutory requirements, possess relevant qualifications such as:

a. possession of a college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;

b. membership in good standing in business, professional organizations or related industry; and

c. such other qualifications and stature that would enable them to participate effectively in the deliberations of the board.

These guidelines are strictly followed to assure the Company of the competence of the members of the Board in the industry where the Company belongs.

**Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.**

Yes, the Company ensures that at least one non-executive director has an experience in the sector or industry the Company belongs to. At present, two (2) of the current non-executive directors of the Company, Mr. Antonino T. Aquino and Mr. Gerardo C. Ablaza, Jr. had been the President of the Company from January 1999 up to March 2009 and June 2010 up to April 2017.

Moreover, the Company abides by the requirements of its By Laws and the Corporation Code that the President of the Company be also a director. Hence, Mr. Ferdinand M. dela Cruz, the President and CEO of the Company, is also currently a member of the Board of Directors. At present, the Company has three (3) directors who have experience in the sector or industry of the Company.

The Company understands the significant and indispensable contribution of a director who belongs to the same industry. During Board meetings, the experiences of said directors in the industry contribute to the informed discussion on the previous and/or similar issues confronting the Company.

**Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:**

Under the Company's current leadership set up, the only executive director of the Company is the President/CEO. Hence, the role, accountabilities and deliverables of the executive director is generally that of the President and CEO.

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\(^1\) Manual of Corporate Governance, Appendix 2
On the other hand, the directors, whether executive or non-executive, act as body and deliberate as a whole on matters presented to the board.

<table>
<thead>
<tr>
<th>Role</th>
<th>Executive</th>
<th>Non-Executive</th>
<th>Independent Director</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The CEO/President, in general, shall have the administration and direction of the day to day business affairs of the Company. He also exercises such powers and perform such duties specified in the By Laws and in the Manual of Corporate Governance.⁴²</td>
<td>The corporate powers of the Company shall be exercised, all business conducted and all property of such corporations controlled and held by the board.⁴³</td>
<td>Independent directors shall hold no interests or relationships with the Company that may hinder their independence from the Company or its management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.⁴⁴</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The Nomination Committee shall be composed of at least three (3) members, majority of whom shall be independent directors. The Chairman of the Nomination Committee must be an independent director.⁴⁵</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The Remuneration Committee shall be composed of at least three (3) members, majority of whom shall be independent directors. The Chairman of the Remuneration Committee must be an independent director.⁴⁶</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The Audit Committee shall be chaired by an independent director.⁴⁷</td>
</tr>
</tbody>
</table>

⁴² Amended By Laws, Article IV, Section 4.
⁴³ Corporation Code, Section 23.
⁴⁴ Manual of Corporate Governance, Article 3, Section 3.2, page 15
⁴⁵ Charter of the Nomination Committee, Section 1.1.
⁴⁶ Charter of the Remuneration Committee, Section 1.1
⁴⁷ Charter of the Audit Committee, Section 1.1
<table>
<thead>
<tr>
<th>Section</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>The corporate powers of the Company shall be exercised, all business conducted and all property of such corporations controlled and held by the board. The board oversees the management of the Company and provides directions towards the formulation of a sound corporate strategy. In the exercise of their duties, the members of the Board must exercise their best and unbiased judgment in the utmost interests of the Company. The Board is the guardian of fairness, transparency, and accountability in all of the major financial and business dealings of the Company protecting the interests of investors and stakeholders.</td>
</tr>
<tr>
<td>49</td>
<td>The President/CEO is ultimately accountable for the Company's organizational and procedural controls. Directors who willfully and knowingly vote for or consent to patently unlawful acts of the Company or who are guilty of gross negligence or bad faith in directing the affairs of the Company or acquire any personal or pecuniary interest in conflict with their duty as directors shall be liable jointly and severally for all damages resulting therefrom suffered by the Company, its stockholders and other persons. Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Company, he must account to the latter for all such profits by refunding the same unless ratified by the stockholders. When a director or officer attempts to acquire or acquires, in violation of his duty any interest adverse to the Company in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Company and must account for the profits which otherwise would have accrued to the Company.</td>
</tr>
<tr>
<td>50</td>
<td>In general, the President/CEO shall be ultimately accountable for the Company's organizational and procedural controls. The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders.</td>
</tr>
</tbody>
</table>

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48 Corporation Code, Section 23.  
49 Manual of Corporate Governance, Article I, Section 1, page 7  
50 Manual of Corporate Governance, Article VIII, Section 8.4, page 38  
51 Corporation Code Section 31.  
52 Corporation Code, Section 34.  
53 Corporation Code, Section 31.  
54 Manual of Corporate Governance, Article I, Section 1.4, page 8
The CEO has the following roles and responsibilities, among others:

(a) Determines the Company’s strategic direction and formulates and implements its strategic plan on the direction of the business;

(b) Communicates and implements the Company’s vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;

(c) Oversees the operations of the Company and manages human and financial resources in accordance with the strategic plan;

(d) Has a good working knowledge of the Company’s industry and market and keeps up-to-date with its core business purpose;

(e) Directs, evaluates and guides the work of the key officers of the Company;

(f) Manages the Company’s resources prudently and ensures a proper balance of the same;

(g) Provides the Board with timely information and interfaces between the Board and the employees;
(h) Builds the corporate culture and motivates the employees of the Company; and

(i) Serves as the link between internal operations and external stakeholders.

The CEO shall have such other responsibilities as may be provided in the By-Laws or as the Board may impose upon him.  

The Board shall exercise such express powers in the By Laws and in the Manual and those that may be authorized under existing laws, rules and regulations. In this connection, the Board shall fulfil certain key functions, including:

a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.

b. Monitoring the effectiveness of the Corporation’s governance practices and making changes as needed.

c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

d. Aligning key executive and board remuneration with the longer term interests of the Corporation and its shareholders.

e. Ensuring a formal and transparent board nomination and election process.

f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

g. Ensuring the integrity of the Corporation’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

54 Manual of Corporate Governance, Article VIII, Section 8.4, pages 38-39
56 Charter of the Board, Article 3, Section 3.1 (3.1.1)
h. Overseeing the process of disclosure and communications.

Without prejudice to the requirements of existing laws, rules and regulation, and the provisions of the By Laws and the Manual, the Board may delegate the implementation of the foregoing functions to the Board Committees, Executive Officers and key senior managers of the Corporation.

The Board shall regularly review, at least annually, the vision and mission of the Corporation and shall revise the same, as may be necessary, in accordance with the strategic directions of the Corporation.\(^{57}\)

Provide the company’s definition of “independence” and describe the company’s compliance to the definition.

Under the Charter of the Board, \textbf{Independence}\(^{58}\) is defined as, with respect to any person, the absence of any restrictions or limitations or freedom from any interests or relationships that would interfere with the exercise of impartial and objective judgment in carrying out the responsibilities of that person.

Under the Manual\(^{59}\), a director is considered independent if he holds no interests or relationships with the Company that may hinder his independence from the Company or its management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Company also subscribes to the requirements of independence under existing laws, rules and regulations, in particular, the SEC Memorandum Circular No. 16 Series of 2002. Hence, the Company ensures that its independent directors have all the qualifications and none of the disqualifications specified in the said SEC Memorandum Circular.

In addition, the Manual\(^{60}\) provides for the following policy regarding independent directors:

a. Officers, executives and employees of the Company may be elected as directors but cannot and shall not be characterized as independent directors.

b. If a director elected or appointed as an independent director becomes an officer, employee or consultant of the Company, the Company shall forthwith cease to consider him as an independent director.

c. If the beneficial ownership of an independent director in the Company or its related corporations shall exceed 2\% of the subscribed capital stock of such corporation, the Company shall forthwith cease to consider him as an independent director. However, should the independent director

\(^{57}\) Charter of the Board, Article 3, Section 3.1 (3.1.2)

\(^{58}\) Charter of the Board, Article 1, Definitions

\(^{59}\) Manual of Corporate Governance, Article III, Section 3.2, page 15-16

\(^{60}\) Manual of Corporate Governance, Article III, Section 3.2, page 15-16
take the appropriate action to remedy or correct the disqualification within 60 days from the occurrence of the ground, he may still be considered an independent director.\textsuperscript{61}

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Yes. The Company subscribe to and complies with the relevant memorandum circulars of the Securities and Exchange Commission on term limits of independent directors, in particular, the SEC Memorandum Circular No. 4 Series of 2017. Hence, an independent director of the Company shall not serve for more than nine (9) years.\textsuperscript{62}

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Mr. Ferdinand M. dela Cruz was elected as Director, and appointed as President and Chief Executive Officer (CEO) of the Company by the stockholders during their Annual Meeting on April 17, 2017.

Mr. Gerardo C. Ablaza, Jr., former President and CEO will remain as member of the Board of Directors (the “Board”) and Vice Chairman of the Executive Committee. Mr. Ablaza was also appointed as member of the Audit Committee and the Board Risk Oversight Committee by the Board during their Organizational Meeting on April 17, 2017.

The term of Ms. Victoria P. Garchitorena as Director of the Company ended on April 17, 2017.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

The Company applies a uniform process for the appointment/re-appointment of all directors, whether executive, non-executive or independent directors.

\textsuperscript{61} Manual of Corporation Governance, Article III, Section 3.3, page 16
\textsuperscript{62} Charter of the Board, Section 2.1.4.
Process for Selection, Appointment, Re-appointment of Directors

(a) Every stockholder has a right to submit a nomination for election to the Board.

All nominations to the Board, whether for first time nominees or repeat nominees, or for independent directors, shall be in writing and shall be submitted to the Nomination Committee, through the Office of the Corporate Secretary, at least thirty (30) working days before the date of the annual stockholders meeting in accordance with the By-Laws.

The stockholders, in making their nominations, or the Company, may make use of professional search firms or external sources of candidates when searching for candidates to the Board.

The nominating stockholder must indicate his or her complete name and address and/or other contact details, number of Company shares registered in his own name, and stock certificate number.

(b) Process of Endorsing Nominations

(i) The Nomination Committee shall hold a meeting for the specific purpose of determining whether the nominees to the Board have all the qualifications and none of the disqualifications (specified in the Corporation Code, the Manual, the Charter of the Board, the SRC Rules, and applicable laws, rules and regulations).

(ii) The Nomination Committee shall evaluate each and every nomination and for this purpose, may even make an inquiry with their professional networks and outside references.

The Nomination Committee shall undertake the process of identifying the quality of directors aligned with the Company's strategic directions. Towards this end, the Committee shall confirm that all nominees for election have all the qualifications and none of the disqualifications to become directors, and that they have the competence and professional background that will enable them to perform their duties as directors of a highly regulated business as that of Manila Water.

If the ground for disqualification of a nominated director becomes known prior to the scheduled annual stockholders’ meeting, the nominated director will not be endorsed for election at the stockholders’ meeting except when such disqualification is temporary and the same is cured or remedied prior to the scheduled stockholders’ meeting.

A director with temporary disqualification may still be endorsed by the Nomination Committee for election at the annual stockholders’ meeting subject to the sixty (60) day curing period, if the ground for temporary disqualification is capable of being cured.

63 Charter of the Board, Section 2.3
However, if the disqualification becomes permanent after endorsement by the Nomination Committee and before the annual stockholders’ meeting, the nominee shall be given the discretion to refuse his nomination. If the nominee is thereafter elected, or the disqualification becomes permanent during his term of office, the provisions of Charter of the Board and the Corporation Code on removal of directors shall apply.

(iii) After evaluation of the qualifications/disqualifications of the nominees, the Nomination Committee shall issue a resolution whether endorsing or not the nominees for election to the Board of Directors.

(iv) If a nominee is not endorsed for election by reason of a disqualification, the resolution of the Nomination Committee should clearly specify the grounds relied upon for disqualification.

(v) The Chairman of the Board shall provide input to the Nomination Committee on its recommendation for approval of (i) candidates for nomination or appointment to the Board; (ii) members and chairs of Board Committees; and (iii) appointment of Executive Officers.

**Criteria for Selection/Appointment/Re-appointment of Directors:**

The criteria for the selection/appointment and re-appointment of directors are as follows:

A Director of the Company shall have the following general qualifications:\(^{64}\)

(a) Ownership of at least one (1) share of the capital stock of the Company;
(b) At least twenty-one (21) years of age;
(c) A college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;
(d) Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions;
(e) Other relevant qualifications, such as membership in good standing in business, professional organizations or relevant industry; and
(f) Non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

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\(^{64}\) Appendix 2 of the Manual of Corporate Governance
In addition to the general qualifications, the following specific qualifications shall be required, as may be applicable: \^65

(a) Non-executive directors should possess such qualifications and stature to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

(b) Directors who are members of Board Committees shall have such additional qualifications necessary to effectively discharge the functions of the relevant Board Committee.

(c) At least one of the independent directors must have accounting expertise (accounting qualification or experience).

(d) At least one non-executive director must have prior working experience in the sector that Manila Water is operating in.

(e) Independent directors must have all requisite qualifications for independence under Securities and Exchange Commission (“SEC”) Memorandum Circular No. 16, Series of 2002.

(f) Officers, executives and employees of the Company may be elected as directors but cannot and shall not be characterized as independent directors.

(g) If a director elected or appointed as an independent director becomes an officer, employee or consultant of the Company, the Company shall forthwith cease to consider him as an independent director.

(h) If the beneficial ownership of an independent director in the Company or its related corporations shall exceed two percent (2%) of the subscribed capital stock of such corporation, the Company shall forthwith cease to consider him as an independent director. However, should the independent director take the appropriate action to remedy or correct the disqualification within sixty (60) days from the occurrence of the ground, he may still be considered an independent director.

**Process for Permanent or Temporary Disqualification of Directors**^66

Section 2.4 of the Charter of the Board provides the process for the permanent and temporary disqualification of directors:

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2.4.1 The disqualification of Directors shall either be permanent or temporary. The grounds for disqualification of directors to be nominated for election to the Board shall be the same grounds for permanent disqualification of Directors, other than the grounds for temporary disqualification that has not become permanent.

If the ground for disqualification of a nominated director becomes known prior to the scheduled annual stockholders’ meeting, the nominated director will not be endorsed for election at the stockholders’ meeting except when such disqualification is temporary and the same is cured or remedied prior to the scheduled stockholders’ meeting.

2.4.2 A director shall have sixty (60) days upon the occurrence of any ground for temporary disqualification to remedy or correct the same
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\(^65\) Appendix 2 of the Manual of Corporate Governance

\(^66\) Charter of the Board, Section 2.4
otherwise, the disqualification shall become permanent.

If the ground for permanent disqualification of the director occurs during his term of office, the director should file his resignation motu proprio.

If the director does not resign despite the existence of a ground for permanent disqualification, the Board may, by a majority vote of all its members in a meeting called for the purpose, remove the director or recommend to the stockholders the removal of the concerned director. If the Board recommends the removal of the director to the stockholders, the procedures specified in Section 28 of the Corporation Code shall be strictly followed and complied with.

2.4.3 Subject to Section 2.7, a director may be declared temporarily disqualified by a resolution of a majority of the Board. A director so disqualified shall have sixty (60) days to remedy or correct the ground upon which such resolution was based otherwise, the disqualification shall become permanent.

A director with temporary disqualification may still be endorsed by the Nomination Committee for election at the annual stockholders’ meeting subject to the 60 day curing period, if the ground for temporary disqualification is capable of being cured.

However, if the disqualification becomes permanent after endorsement by the Nomination Committee and before the annual stockholders’ meeting, the nominee shall be given the discretion to refuse his nomination. If the nominee is thereafter elected, or the disqualification becomes permanent during his term of office, the provisions of 2.4.2 above shall apply.”

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67 Section 28 of the Corporation Code provides that:

Sec. 28. Removal of directors or trustees. - Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of this Code.
Criteria for Permanent Disqualification:  

A Director with the following disqualifications shall never be nominated and/or elected to the Board, or if nominated and elected, shall be removed from office:

(a) Any person who has been finally convicted by a competent judicial or administrative body of the following: (i) any crime involving the purchase or sale of securities as defined in the Securities Regulation Code (“SRC”), e.g. proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust fund, pre-need plan, pension plan or life plan; (ii) any crime arising out of the person’s conduct as an underwriter, broker, dealer, investment corporation, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or, (iii) any crime arising out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

(b) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the SEC or any court or other administrative body of competent jurisdiction from; (i) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker; (ii) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (iii) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities.

Such disqualification shall also apply when such person is currently subject to an effective order of the SEC or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, SRC, or any other law administered by the SEC or Bangko Sentral ng Pilipinas (“BSP”), or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained to engage in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from association with a member or participant of the organization;

(c) Any person finally convicted judicially or administratively of an offense involving moral turpitude or fraudulent acts or transgressions such as, but not limited to, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation or perjury;

(d) Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the SRC, the Corporation Code of the Philippines, or any other law administered by the SEC, or any rule, regulation or order of the SEC or the BSP;

(e) Any person judicially declared to be insolvent;

(f) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;

(g) Any person convicted by final and executory judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and,

(h) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Company. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged --

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68 Appendix 3 of the Manual of Corporate Governance
(i) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Company owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Company, or

(ii) If he is an officer, manager or controlling person, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Company, or when in the judgment of the Board, by at least three-fourths (3/4) vote, deems that the laws against combinations in restraint of trade shall be violated by such person’s membership in the Board of Directors; or

(iii) If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (i) or (ii).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.

(i) Other grounds as the SEC may prescribe.

Criteria for Temporary Disqualification:

The following are grounds for temporary disqualification of incumbent directors:
(a) Refusal to fully disclose the extent of his business interest as well as refusal to comply with all other disclosure requirements under the SRC and its IRR. This disqualification shall be in effect as long as his refusal persists.
(b) Absence or non-participation in more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency unless such absence was due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election.
(c) Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
(d) Being under preventive suspension by the Company for any reason.
(e) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with.
(f) Conviction that has not yet become final referred to in the grounds for permanent disqualification of directors.

A finding of existence of temporary disqualification shall be at the discretion of the Board and shall require a resolution of a majority of the Board. A director shall have sixty (60) days upon the occurrence of any ground for temporary disqualification to remedy or correct the same otherwise, the disqualification shall become permanent.

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69 Appendix 4 of the Manual of Corporate Governance
Process and Criteria for Removal of Directors:

Section 2.5 of the Charter of the Board provides the process and criteria/grounds for the removal of directors:

“2.5.1 Directors may be removed in the manner provided by law.

2.5.2 Directors may be removed by the Board by reason of permanent disqualification or for committing three (3) violations of the Manual or for any violation of the Code or relevant policies of the Corporation. The removal of the director shall be decided by the Board in a meeting called for the purpose, at which meeting a quorum duly existed.

2.5.3 The stockholders may also exercise the right to remove a director with or without cause, for which purpose, Section 28 of the Corporation Code shall apply.”

Criteria for Removal

The stockholders may exercise the right to remove a director in accordance with the process and causes specified in Section 28 of the Corporation Code is complied with.

Section 28 of the Corporation Code provides that:

Sec. 28. Removal of directors or trustees. - Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of this Code.
**Process and Criteria for Reinstatement of Directors**

Section 2.6 of the Charter of the Board provides for the process and criteria/ground for the reinstatement of directors:

“2.6.1 If the removal of the Director was due to permanent disqualification, the Director will not be endorsed for re-election to the Board.

2.6.2 If the removal of the Director was due to temporary disqualification as resolved by the Board and the temporary disqualification has not become permanent, the Board may reinstate the director\(^70\) by a resolution of a majority of the Board.

2.6.3 If the removal of the Director was without cause but pursuant to a resolution adopted by the stockholders in a meeting for the purpose pursuant to Section 28 of the Corporation Code, the director may still be nominated for future election and his election may still be endorsed by the Nomination Committee if he has all the qualifications and none of the disqualifications.”

**Process and Criteria for the Suspension of Directors**

Section 2.7 of the Charter of the Board provides for the process and criterial for the suspension of directors:

“2.7.1 A Director may be suspended by the Board if he becomes temporarily disqualified pursuant to and in accordance with the provisions of the Manual of Corporate Governance.\(^71\)

2.7.2 A Director may be suspended by the Board for committing two (2) violations of the provisions of the Manual\(^72\) or for committing any violation of the Code or relevant policies of the Corporation.”

**Voting Results for the Election of Directors at the 2017 Annual Stockholders’ Meeting (Held on April 17, 2017):**

<table>
<thead>
<tr>
<th>Nominees</th>
<th>For**</th>
<th>%</th>
<th>Against*</th>
<th>%</th>
<th>Abstain*</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>5,426,327,013</td>
<td>89.63%</td>
<td>54,291,247</td>
<td>0.90%</td>
<td>0</td>
<td>0.00%</td>
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<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>5,431,875,491</td>
<td>89.72%</td>
<td>48,743,769</td>
<td>0.81%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Ferdinand M. dela Cruz</td>
<td>5,442,095,454</td>
<td>89.89%</td>
<td>38,522,806</td>
<td>0.64%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Gerardo C. Ablaza, Jr.</td>
<td>5,456,408,154</td>
<td>90.13%</td>
<td>24,210,106</td>
<td>0.40%</td>
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<td>0.00%</td>
</tr>
<tr>
<td>Antonino T. Aquino</td>
<td>5,435,713,932</td>
<td>89.79%</td>
<td>44,904,328</td>
<td>0.74%</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

\(^{70}\) Manual of Corporate Governance, Article I, Section 1.4, page 7.

\(^{71}\) Ibid.

\(^{72}\) Manual, Article X, page 50
<table>
<thead>
<tr>
<th>Nominees</th>
<th>For**</th>
<th>%</th>
<th>Against*</th>
<th>%</th>
<th>Abstain*</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>5,444,244,814</td>
<td>89.93%</td>
<td>77,024,541</td>
<td>1.27%</td>
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<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>5,446,754,764</td>
<td>89.97%</td>
<td>68,270,441</td>
<td>1.13%</td>
<td>6,270,000</td>
<td>0.10%</td>
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<tr>
<td>Gerardo C. Ablaza, Jr.</td>
<td>5,506,192,805</td>
<td>90.95%</td>
<td>15,076,400</td>
<td>0.25%</td>
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</tr>
<tr>
<td>Antonino T. Aquino</td>
<td>5,492,341,505</td>
<td>90.72%</td>
<td>28,927,700</td>
<td>0.48%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>5,487,348,905</td>
<td>90.64%</td>
<td>33,920,300</td>
<td>0.56%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>John Eric T. Francia</td>
<td>5,482,341,505</td>
<td>90.72%</td>
<td>28,927,700</td>
<td>0.48%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Victoria P. Garchitorena</td>
<td>5,436,076,864</td>
<td>89.79%</td>
<td>85,192,341</td>
<td>1.41%</td>
<td>0</td>
<td>0.00%</td>
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<tr>
<td>Jaime C. Laya (Independent)</td>
<td>5,474,294,755</td>
<td>90.43%</td>
<td>40,704,450</td>
<td>0.67%</td>
<td>6,270,000</td>
<td>0.10%</td>
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<tr>
<td>Jose L. Cuisia, Jr. (Independent)</td>
<td>5,501,487,605</td>
<td>90.87%</td>
<td>19,781,600</td>
<td>0.33%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Oscar S. Reyes (Independent)</td>
<td>5,457,971,664</td>
<td>90.16%</td>
<td>63,297,541</td>
<td>1.05%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Sherisa P. Nuesa (Independent)</td>
<td>5,483,795,514</td>
<td>90.58%</td>
<td>37,473,691</td>
<td>0.62%</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

*Based on the proxy votes
** Votes “Against” have no effect on the outcome of the elections. Under the Corporation Code of the Philippines, the election of directors is by plurality of votes. Abstentions also have no effect on the outcome of the elections. Under the Corporation Code of the Philippines, shareholders have the right to cumulative voting to ensure minority shareholders’ representation in the Board of Directors. A shareholder is entitled to one vote per share times the number of directors to be elected. He may cumulate his votes all in favor of one candidate, or distribute them equally or in any proportion among the candidates.

Voting Results for the Election of Directors at the 2016 Annual Stockholders’ Meeting (Held on April 11, 2016)
** Votes “Against” have no effect on the outcome of the elections. Under the Corporation Code of the Philippines, the election of directors is by plurality of votes. Abstentions also have no effect on the outcome of the elections. Under the Corporation Code of the Philippines, shareholders have the right to cumulative voting to ensure minority shareholders’ representation in the Board of Directors. A shareholder is entitled to one vote per share times the number of directors to be elected. He may cumulate his votes all in favor of one candidate, or distribute them equally or in any proportion among the candidates.

6) Orientation and Education Program

(a) Disclose details of the company’s orientation program for new directors, if any.

Every board meeting, directors are provided with Management Update on the operational and financial status of the Company. This is to ensure that the directors are continuously apprised of the performance of the Company.

The board meetings are also the avenue for the directors to inquire about the status of the Company’s financials and operations.

Upon assumption of office, a director appointed for the first time shall undergo a corporate orientation program to be conducted by the Office of the Corporate Secretary. The Corporate Secretary shall prepare the curriculum for the corporate orientation program. The curriculum of the corporate orientation program shall contain as a minimum, a topic on the operations of the Corporation and the applicable legal framework thereto, and relevant contracts of the Corporation, if any, as well as the existing policies, rules and regulations of the Corporation, such as but not limited to: the Code, the Manual, the Charters of the Board and the Board Committees, corporate governance framework, enterprise risk management, and corporate communications. The curriculum of the orientation program shall be revised as often as necessary to include other subjects and matters relating to the Corporation.73

In addition to the corporate orientation program for new directors, the Office of the Corporate Secretary shall inform the Board of any updates on the matters covered by the orientation program. The updates can be given during the regular meetings of the Board.74

The foregoing notwithstanding, Directors are encouraged to attend external trainings, courses or continuing professional education programs on corporate governance, or that are relevant to the performance of their functions as directors of the Corporation or the latter’s industry. Director/s shall inform the Office of the Corporate Secretary of the trainings or courses attended for record and disclosure purposes.75

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73 Charter of the Board, Section 2.2.7
74 Ibid.
75 Ibid.
(b) **State any in-house training and external courses attended by Directors and Senior Management** for the past three (3) years:

During board meetings, the management or the relevant unit/department of the Company presents to the Board and the Senior Management the latest update on corporate governance best practices, policies, regulations and standards.

In addition, the following in-house training and external courses were availed by the directors and Senior Management/reportable officers of the Company:

- 2015 Annual Corporate Governance Scorecard workshop for Publicly Listed Companies
- 21st National Public Relations Congress
- 22nd National PR Congress with the theme: "PR Basic Instinct"
- 2nd Technical Session: Strategic Resource Planning and Talent Management
- 36th International Training Program-Utility Regulation & Strategy
- 38th International Training Program on Utility Regulation and Strategy
- 4th PCO Recognition (LLDA)
- 5th TEMASEK Foundation Water Leadership Program
- Appreciation Course on ISO 9001, ISO 14001 and OHSAS 18001
- ASEAN Corporate Governance Scorecard Workshop
- Ayala Group Legal Summit
- Ayala HR Summit
- BCCP Business Breakfast with Mr. Hans Sicat
- Behavior Based Safety Training (JCR ESH Consultancy, Inc)
- Bentley: Be Inspired Conference
- Business Breakfast: Change Management
- Certified Lean Practitioner
- Change Management and Communications Planning Workshop
- DAVE ULRICH LEADERSHIP FORUM
- Disclosure Rules Seminar
- Disini Tech Legal Forum on Data Privacy Act Compliance
- Driving Change (Batch 01)

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Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.
EAGLE PROGRAM
ECCP Membership Luncheon Meeting with Senator Bongbong Marcos
Effective Project Team Leadership Workshop
Effective Root Cause Analysis
Environmental Scanning & Analysis
Environmental Scanning & Analysis Strategy Formulation and Implementation
Filipina CEO Forum: from Now to Next Generation
Finance for Non Finance Professionals (Batch 1)
Financial Analysis Workshop for Non-Financial Managers
Flexible Work, Time & Technology: Philippine Summit
Fundamentals of an effective Pension Governance
General Management School (Business Operations Management)
Global CEO Program: Asia Experimental Week 2014
ICD - Investors’ Forum and Institutional Investors’ Governance Award
Identifying & Developing New Growth Opportunities Workshop
Implementing Rules of the Philippine Competition Law
Innovation Methodology Workshop
Integrated Management Systems Awareness for Top Management
IWA LESAM
Joint Planning Workshop for the Management IPO Watershed
Leader as a Coach
Leadership Acceleration Program (LEAP) Cohort 7 & The Leadership Circle (TLC) Profile
Lesson’s from Duterte’s Campaign
Live Learning Session with Rita Gunther McGrath
Managing Multiple Projects and Stakeholders
Mandatory Continuing Legal Education Program
Marsh Forum 2015: Managing a Construction Risks Towards a Successful Project Completion
Mergers & Acquisition
National Dissemination Workshop on Septage Management
No Dig Summit 2015, Incorporating Trenchless Technology Masterclass
Online Course Certificate:ILRASHRC Strategic HR
Performance Management Workshop
Personality Development Workshop
Professional SCRUM Master Certification
Project Layzer
PROJECT MANAGEMENT WORKSHOP
PSE 2016 Annual Disclosure Seminar
Public Relations Congress
Rewards System Fundamentals
SEC Corporate Governance Forum
Security Training for CIO Forum
SHRM 2014 ANNUAL CONFERENCE and EXPOSITION
Singapore International Water Week: Leaders Summit 2016
Singapore International Water Week: Water Convention 2016
Stakeholder Relationship Management
Strategies for Influencing Others (Batch 04)
Strategy Formulation and Implementation
Strategy, Innovation and Marketing Strategy
Talent Scout Workshop
the Business Process Improvement Toolbox
Working as a High Performing Team Batch 3

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

During meetings of the Board, the management or the relevant unit/department of the Company presents to the Board and the Senior Management the latest update on corporate governance best practices, policies, regulations and standards.

In addition, the following in-house training and external courses are available to the directors and Senior Management:

Personality Development Workshop
Mandatory Continuing Legal Education Program
Business Breakfast: Change Management
Finance for Non Finance Professionals (Batch 1)
ASEAN Corporate Governance Scorecard Workshop
Professional SCRUM Master Certification
Flexible Work, Time & Technology: Philippine Summit
Innovation Methodology Workshop
Certified Lean Practitioner
Performance Management Workshop
Appreciation Course on ISO 9001, ISO 14001 and OHSAS 18001
Online Course Certificate: ILRASHRC Strategic HR
Singapore International Water Week: Water Convention 2016
Singapore International Water Week: Leaders Summit 2016
Effective Project Team Leadership Workshop
Stakeholder Relationship Management
SEC Corporate Governance Forum
Lesson's from Duterte's Campaign
Implementing Rules of the Philippine Competition Law
Working as a High Performing Team Batch 3
Public Relations Congress
Filipina CEO Forum: from Now to Next Generation
ICD - Investors' Forum and Institutional Investors' Governance Award
PSE 2016 Annual Disclosure Seminar
General Management School (Strategic Asset Management)
General Management School (Project Management)
40 Hours LLDA Pollution Control Officer Training
4 hour PCO training
Disini Tech Legal Forum on Data Privacy Act Compliance
Integrated Management Systems Awareness for Top Management
Environmental Scanning & Analysis Strategy Formulation and Implementation
General Management School (Business Operations Management)
General Management School (Water Source & Treatment Operations and Network Management)
General Management School (Financial Management)
General Management School Human Capital Management
Security Training for CIO Forum
Ayala HR Summit  
Environmental Scanning & Analysis  
Strategy Formulation and Implementation  
General Management School (NBD RM & SRM)  
General Management School (New Business Development)  
General Management School (Human Capital Management)  
General Management School (Information Technology)  
General Management School (Regulatory Management & SRM)  
OMS Awareness Training  
BOA - Continuing Professional Development Training for Certified Public Accountants  

The table below lists the training and seminar so far attended by the directors for the year 2017:

<table>
<thead>
<tr>
<th>Director</th>
<th>Program</th>
<th>Name of Training Institution</th>
<th>Date of Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antonino T. Aquino</td>
<td>Distinguished Corporate Governance Speaker Series</td>
<td>Institute of Corporate Directors</td>
<td>May 10, 2017</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>Distinguished Corporate Governance Speaker Series</td>
<td>Institute of Corporate Directors</td>
<td>May 10, 2017</td>
</tr>
</tbody>
</table>

The table below lists the corporate governance training and seminar attended by all the directors for the year 2016:

<table>
<thead>
<tr>
<th>Director</th>
<th>Program</th>
<th>Name of Training Institution</th>
<th>Date of Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>Antonino T. Aquino</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>John Eric T. Francia</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
<td>Institution</td>
<td>Date</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Gerardo C. Ablaza, Jr.</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>Sherisa P. Nuesa (ID)</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>Oscar S. Reyes (ID)</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>Jaime C. Laya (ID)</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>Victoria P. Garchitorena</td>
<td>Annual Corporate Governance Training Program</td>
<td>Institute of Corporate Directors</td>
<td>March 8, 2016</td>
</tr>
<tr>
<td>Jose L. Cuisia, Jr. (ID)</td>
<td>Exempted pursuant to Memorandum Circular No. 2 Series of 2015 of the Securities and Exchange Commission</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**B. CODE OF BUSINESS CONDUCT & ETHICS**

1) Discuss briefly the company’s policies on the following business conduct or ethics affecting directors, senior management and employees:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Conflict of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No director shall be involved in deciding his own remuneration during his incumbent term. (Manual of Corporate Governance)</td>
</tr>
<tr>
<td></td>
<td>A director of the Company shall conduct fair business with the Company and ensure that personal interest does not bias Board decisions. A director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. (Revised Code of Business Conduct and Ethics, Section 5.4)</td>
</tr>
<tr>
<td></td>
<td>No Officer or employee may have financial interest in a privately owned enterprise, which directly or indirectly deals or transacts business with the Company.</td>
</tr>
<tr>
<td></td>
<td>A Director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. (Revised Code of Business Conduct and Ethics, Section 5.4)</td>
</tr>
</tbody>
</table>

77 Manual of Corporate Governance, Article I, Section 1.4 (c), page 9.
78 Revised Code of Business Conduct and Ethics, Section 5.4
79 Revised Code of Business Conduct and Ethics, Section 5.4
| Senior Management | No Director, Officer or employee may use his position in the Company for personal gain or advantage or to promote any action that may run counter to the Company's ethical standards.⁸⁰  

No Director, Officer or employee shall use the Company’s facilities, materials, intellectual properties, vehicles, equipment and supplies for his or another party’s personal purpose.⁸¹  

A conflict of interest arises when a Director, or an Officer or employee appears to have a direct or indirect personal or financial interest in any transaction, which may deter or influence him from acting in the best interest of the Corporation. It is not required that there be an actual conflict, it is only required that there could be perceived or seen to be a conflict by an impartial observer.⁸² (Revised Code of Business Conduct and Ethics) |

|  | A conflict of interest arises when a Director, or an Officer or employee appears to have a direct or indirect personal or financial interest in any transaction, which may deter or influence him from acting in the best interest of the Company. It is not required that there be an actual conflict, it is only required that there could be perceived or seen to be a conflict by an impartial observer.  

When an actual or apparent conflict of interest arises, a Director must inform the Board, and the Officer or employee must immediately inform his immediate supervisor or the Compliance Officer. Such Director, Officer or employee should not participate in, or in any way seek to influence, any negotiations, or decisions pertaining to the transaction, which is the subject of interest.  

The Director, Officer or employee must also file a Conflict of Interest Report with the Board in case of a director or to the immediate supervisor and the Office of the Compliance Officer in case of an officer or employee. The report shall indicate a brief description of the conflict, the date when the Board, or immediate supervisor and the Office of the Compliance Officer were notified, and the action taken on the conflict.  

No Officer or employee may have financial interest in a privately owned enterprise, which directly or indirectly deals or transacts business with the Company.  

A Director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests.  

No Director, Officer or employee may use his position in the Company for personal gain or advantage or to promote any action that may run counter to the Company's ethical standards. |

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⁸⁰ Revised Code of Business Conduct and Ethics, Section 5.5  
⁸¹ Revised Code of Business Conduct and Ethics, Section 5.6  
⁸² Revised Code of Business Conduct and Ethics, Section 5.1
<table>
<thead>
<tr>
<th>Employees</th>
<th>No Director, Officer or employee shall use the Company’s facilities, materials, intellectual properties, vehicles, equipment and supplies for his or another party’s personal purpose.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A conflict of interest arises when a Director, or an Officer or employee appears to have a direct or indirect personal or financial interest in any transaction, which may deter or influence him from acting in the best interest of the Company. It is not required that there be an actual conflict, it is only required that there could be perceived or seen to be a conflict by an impartial observer. (Revised Code of Business Conduct and Ethics)</td>
<td></td>
</tr>
<tr>
<td>No officer or employee may have financial interest in a privately owned enterprise, which directly or indirectly deals or transacts business with the Company. (Revised Code of Business Conduct and Ethics)</td>
<td></td>
</tr>
<tr>
<td>No officer or employee may use his position in the Company for personal gain or advantage or to promote any action that may run counter to the Company’s ethical standards. (Revised Code of Business Conduct and Ethics)</td>
<td></td>
</tr>
<tr>
<td>No Officer or employee shall use the Company’s facilities, materials, intellectual properties, vehicles, equipment and supplies for his or another party’s personal purpose. (Revised Code of Business Conduct and Ethics)</td>
<td></td>
</tr>
</tbody>
</table>

| Conduct of Business and Fair Dealings |
|---|---|
| The core principle of the Company is to conduct business honestly and fairly with its investors, suppliers, contractors, service providers, customers and employees and other third parties. |
| Directors, Officers and employees shall act honestly, ethically and in comply with all applicable laws, rules and regulations and protect the name and reputation of the Company. |
| Directors, Officers and employees shall not engage in any unfair dealing practices, such as taking advantage of anyone through abuse of confidential information, manipulation, concealment, or misrepresentation or other similar acts. |
| Officers and employees involved in the procurement process for services, materials, supplies, and equipment shall strictly comply with the Company’s Procurement Policy. The Procurement Policy is an integral part of this Code. |

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83 Code of Business Conduct and Ethics, Section 5  
84 Revised Code of Business Conduct and Ethics, Section 5.1  
85 Revised Code of Business Conduct and Ethics, Section 5.4  
86 Revised Code of Business Conduct and Ethics, Section 5.5  
87 Revised Code of Business Conduct and Ethics, Section 5.6
| Senior Management | Directors, Officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board, in case of directors, and to the immediate supervisor or to the Office of the Compliance Officer in case of officers and employees.

The Company shall promptly identify and investigate any suspected fraudulent or dishonest acts. Without prejudice to applicable administrative sanctions, the Company may pursue civil and/or criminal actions against directors, officers and employees as may be warranted. 88 (Revised Code of Business Conduct and Ethics) |
|---|---|
| Employees | The core principle of the Company is to conduct business honestly and fairly with its investors, suppliers, contractors, service providers, customers and employees and other third parties.

Directors, Officers and employees shall act honestly, ethically and in comply with all applicable laws, rules and regulations and protect the name and reputation of the Company.

Directors, Officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board, in case of directors, and to the immediate supervisor or to the Office of the Compliance Officer in case of officers and employees.

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88 Revised Code of Business Conduct and Ethics, Section 4
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The Company shall promptly identify and investigate any suspected fraudulent or dishonest acts. Without prejudice to applicable administrative sanctions, the Company may pursue civil and/or criminal actions against directors, officers and employees as may be warranted.\(^90\) (Revised Code of Business Conduct and Ethics)

<table>
<thead>
<tr>
<th>Receipt of Gifts From Third Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Directors</strong></td>
</tr>
<tr>
<td>A director of the Company shall conduct fair business with the Company and ensure that personal interest does not bias Board decisions. A director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests.</td>
</tr>
<tr>
<td>The personal interest of directors should never prevail over the interest of the Company. They are required to be loyal to the organization so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the Company.</td>
</tr>
<tr>
<td>Directors, Officers and employees shall strictly follow the principles of highest ethical business standards and comply with all relevant laws and regulations. Towards this end, Directors, Officers and employees shall not accept corporate entertainment/gifts with an approximate value of more than Three Thousand Pesos (Php3,000.00) or anything that can or can be viewed to influence the manner on which a director, officer or employee may discharge his duties.(^91) (Revised Code of Business Conduct and Ethics)</td>
</tr>
<tr>
<td>The Company strictly prohibits giving facilitating payments to any private or government officials or employees, their agents or intermediaries in order to expedite or secure performance of any governmental action, or to gain any perceived or actual</td>
</tr>
</tbody>
</table>

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\(^90\) Revised Code of Business Conduct and Ethics, Section 4  
\(^91\) Revised Code of Business Conduct and Ethics, Section 6.1
favor or advantage from any private or government entities. The Corporation must ensure that it and its directors, officers and employees fully comply with the laws governing bribes, unlawful payments and other corrupt practices. 92 (Revised Code of Business Conduct and Ethics)

### Senior Management

Directors, Officers and employees shall strictly follow the principles of highest ethical business standards and comply with all relevant laws and regulations. Towards this end, Directors, Officers and employees shall not accept corporate entertainment/gifts with an approximate value of more than Three Thousand Pesos (Php3,000.00) or anything that can or can be viewed to influence the manner on which a director, officer or employee may discharge his duties. 93 (Revised Code of Business Conduct and Ethics)

The Company strictly prohibits giving facilitating payments to any private or government officials or employees, their agents or intermediaries in order to expedite or secure performance of any governmental action, or to gain any perceived or actual favor or advantage from any private or government entities. The Corporation must ensure that it and its directors, officers and employees fully comply with the laws governing bribes, unlawful payments and other corrupt practices. 94 (Revised Code of Business Conduct and Ethics)

### Employees

Directors, Officers and employees shall strictly follow the principles of highest ethical business standards and comply with all relevant laws and regulations. Towards this end, Directors, Officers and employees shall not accept corporate entertainment/gifts with an approximate value of more than Three Thousand Pesos (Php3,000.00) or anything that can or can be viewed to influence the manner on which a director, officer or employee may discharge his duties. 95 (Revised Code of Business Conduct and Ethics)

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92 Revised Code of Business Conduct and Ethics, Section 10.1  
93 Revised Code of Business Conduct and Ethics, Section 6.1  
94 Revised Code of Business Conduct and Ethics, Section 10.1  
95 Revised Code of Business Conduct and Ethics, Section 6.1  
96 Revised Code of Business Conduct and Ethics, Section 10.1
<table>
<thead>
<tr>
<th>Compliance with Laws and Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Directors</strong></td>
</tr>
<tr>
<td>The Board shall exercise such express powers in the By Laws and in the Manual and those that may be authorized under existing laws, rules and regulations.(^9) (Charter of the Board of Directors)</td>
</tr>
<tr>
<td>Directors, Officers and employees shall act honestly, ethically and comply with all applicable laws, rules and regulations and protect the name and reputation of the Corporation.(^8) (Revised Code of Business Conduct and Ethics)</td>
</tr>
<tr>
<td><strong>Senior Management</strong></td>
</tr>
<tr>
<td>The core principle of the Corporation is to conduct business honestly and fairly with its investors, suppliers, contractors, service providers, customers and employees and other third parties.(^9) (Revised Code of Business Conduct and Ethics)</td>
</tr>
<tr>
<td>Directors, Officers and employees shall act honestly, ethically and comply with all applicable laws, rules and regulations and protect the name and reputation of the Corporation.(^10) (Revised Code of Business Conduct and Ethics)</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
</tr>
<tr>
<td>The core principle of the Corporation is to conduct business honestly and fairly with its investors, suppliers, contractors, service providers, customers and employees and other third parties.(^9) (Revised Code of Business Conduct and Ethics)</td>
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<td>Directors, Officers and employees shall act honestly, ethically and comply with all applicable laws, rules and regulations and protect the name and reputation of the Corporation.(^10) (Revised Code of Business Conduct and Ethics)</td>
</tr>
<tr>
<td><strong>Respect for Trade Secrets/Use of Non-public Information</strong></td>
</tr>
<tr>
<td><strong>Directors</strong></td>
</tr>
<tr>
<td>The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders.(^1) (Manual of Corporate Governance)</td>
</tr>
<tr>
<td>The Board should adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the Company website.(^1) (Manual of Corporate Governance)</td>
</tr>
</tbody>
</table>

\(^9\) Charter of the Board of Directors, Section 3.1.1  
\(^8\) Revised Code of Business Conduct and Ethics, Section 4.2  
\(^9\) Revised Code of Business Conduct and Ethics, Section 4.1  
\(^10\) Revised Code of Business Conduct and Ethics, Section 4.2  
\(^1\) Revised Code of Business Conduct and Ethics, Section 4.1  
\(^10\) Revised Code of Business Conduct and Ethics, Section 4.2  
\(^1\) Manual of Corporate Governance, Article I, Section 1.4 (a), page 8  
\(^1\) Manual of Corporate Governance, Article I, Section 1.4 (i), page 9
<table>
<thead>
<tr>
<th>The Board should establish 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 the Company’s financial condition, results and business operations.105</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors, Officers and employees shall act honestly, ethically and in comply with all applicable laws, rules and regulations and protect the name and reputation of the Company.106</td>
</tr>
<tr>
<td>Directors, Officers and employees shall not engage in any unfair dealing practices, such as taking advantage of anyone through abuse of confidential information, manipulation, concealment, or misrepresentation or other similar acts.107</td>
</tr>
<tr>
<td>Directors, Officers and employees who have a direct or indirect knowledge, from time to time, of material facts or changes in the affairs of the Company, which have not been disclosed to the public, including any information likely to affect the market price of the Company’s shares, are restricted to buy or sell Manila Water shares during the following period: (a) Ten (10) calendar trading days before and three (3) calendar trading days after the disclosure of quarterly and annual financial results; and (b) Three (3) calendar trading days before and three (3) calendar trading days after the disclosure of any material information other than the above.</td>
</tr>
<tr>
<td>All Directors, Officers, and employees are required to report their trades on a quarterly basis to the Office of the Compliance Officer within fifteen (15) calendar days from the end of each quarter.</td>
</tr>
<tr>
<td>Directors and Officers who may be covered by the reporting requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) in respect of their shareholding in the Company or any changes thereof shall do so promptly and accurately. Notwithstanding anything to the contrary, the directors shall report their dealings in Company shares one (1) business day before the dealing and within three (3) business days after the dealing.108</td>
</tr>
<tr>
<td>The Company hereby adopts a policy of prompt and adequate disclosure of all material facts or changes in the affairs of the Company including any information likely to affect the market price of the Company’s shares to give a fair and complete picture of the Company’s financial condition, results and business operations.</td>
</tr>
<tr>
<td>The Company shall ensure transparency of information to its shareholders, stakeholders and the public. It shall</td>
</tr>
</tbody>
</table>

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105 Manual of Corporate Governance, Article I, Section 1.11 (d), page 12  
106 Revised Code of Business Conduct and Ethics, Section 4.2  
107 Revised Code of Business Conduct and Ethics, Section 4.3  
108 Revised Code of Business Conduct and Ethics, Section 7
| Senior Management | regularly and truthfully update its shareholders, stakeholders and the public on its financial and operational results, business prospects and all other relevant information. The Company shall fully comply with all the disclosure and reporting requirements of the SEC, PSE and all other government and regulatory agencies. Directors, Officers and employees shall not knowingly misrepresent or cause others to misrepresent information relating to the Company to government and regulatory agencies, independent auditors, the media or any other person. No Director, Officer or employee shall disclose any confidential information obtained from the Company for personal gain or for the advantage of any other person. This prohibition shall include investment in securities and association with a competitor, customer or supplier of the Company.¹⁰⁹ |
| Employees | Directors, Officers and employees shall not engage in any unfair dealing practices, such as taking advantage of anyone through abuse of confidential information, manipulation, concealment, or misrepresentation or other similar acts.¹¹⁰ (Revised Code of Business Conduct and Ethics) Directors, Officers and employees shall not knowingly misrepresent or cause others to misrepresent information relating to the Company to government and regulatory agencies, independent auditors, the media or any other person.¹¹¹ (Revised Code of Business Conduct and Ethics) No Director, Officer or employee shall disclose any confidential information obtained from the Company for personal gain or for the advantage of any other person. This prohibition shall include investment in securities and association with a competitor, customer or supplier of the Company.¹¹² (Revised Code of Business Conduct and Ethics) Directors, Officers and employees shall not engage in any unfair dealing practices, such as taking advantage of anyone through abuse of confidential information, manipulation, concealment, or misrepresentation or other similar acts.¹¹³ (Revised Code of Business Conduct and Ethics) Directors, Officers and employees shall not knowingly misrepresent or cause others to misrepresent information relating to the Company to government and regulatory agencies, independent auditors, the media or any other person.¹¹⁴ (Revised Code of Business Conduct and Ethics) |

¹⁰⁹ Revised Code of Business Conduct and Ethics, Section 8 ¹¹⁰ Revised Code of Business Conduct and Ethics, Section 4.3. ¹¹¹ Revised Code of Business Conduct and Ethics, Section 8.4. ¹¹² Revised Code of Business Conduct and Ethics, Section 8.5. ¹¹³ Revised Code of Business Conduct and Ethics, Section 4.3.
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<th>Directors</th>
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The Board should adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the Company website.\(^{116}\) The Board should establish 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 the Company’s financial condition, results and business operations.\(^{117}\) Directors, Officers and employees shall act honestly, ethically and in comply with all applicable laws, rules and regulations and protect the name and reputation of the Company.\(^{118}\) Directors, Officers and employees shall not engage in any unfair dealing practices, such as taking advantage of anyone through abuse of confidential information, manipulation, concealment, or misrepresentation or other similar acts.\(^{119}\) Directors, Officers and employees who have a direct or indirect knowledge, from time to time, of material facts or changes in the affairs of the Company, which have not been disclosed to the public, including any information likely to affect the market price of the Company’s shares, are restricted to buy or sell Manila Water shares during the following period:  

(a) Ten (10) calendar trading days before and three (3) calendar trading days after the disclosure of quarterly and annual financial results; and  
(b) Three (3) calendar trading days before and three (3) calendar trading days after the disclosure of any material

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\(^{114}\) Revised Code of Business Conduct and Ethics, Section 8.4.  
\(^{115}\) Revised Code of Business Conduct and Ethics, Section 8.5.  
\(^{116}\) Manual of Corporate Governance, Article I, Section 1.4 (i), page 9  
\(^{117}\) Manual of Corporate Governance, Article I, Section 1.11 (d), page 12  
\(^{118}\) Revised Code of Business Conduct and Ethics, Section 4.2  
\(^{119}\) Revised Code of Business Conduct and Ethics, Section 4.3
information other than the above.

All Directors, Officers, and employees are required to report their trades on a quarterly basis to the Office of the Compliance Officer within fifteen (15) calendar days from the end of each quarter.

Directors and Officers who may be covered by the reporting requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) in respect of their shareholding in the Company or any changes thereof shall do so promptly and accurately. Notwithstanding anything to the contrary, the directors shall report their dealings in Company shares one (1) business day before the dealing and within three (3) business days after the dealing.  

The Company hereby adopts a policy of prompt and adequate disclosure of all material facts or changes in the affairs of the Company including any information likely to affect the market price of the Company’s shares to give a fair and complete picture of the Company’s financial condition, results and business operations.

The Company shall ensure transparency of information to its shareholders, stakeholders and the public. It shall regularly and truthfully update its shareholders, stakeholders and the public on its financial and operational results, business prospects and all other relevant information.

The Company shall fully comply with all the disclosure and reporting requirements of the SEC, PSE and all other government and regulatory agencies.

Directors, Officers and employees shall not knowingly misrepresent or cause others to misrepresent information relating to the Company to government and regulatory agencies, independent auditors, the media or any other person.

No Director, Officer or employee shall disclose any confidential information obtained from the Company for personal gain or for the advantage of any other person. This prohibition shall include investment in securities and association with a competitor, customer or supplier of the Company.  

No Director, Officer or employee may use his position in the Company for personal gain or advantage or to promote any action that may run counter to the Company’s ethical standards. (Revised Code of Business Conduct and Ethics)

No Director, Officer or employee shall use the Company’s facilities, materials, intellectual properties, vehicles, equipment and supplies for his or another party’s personal purpose. (Revised Code of Business Conduct and Ethics)
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\(^{123}\) Revised Code of Business Conduct and Ethics, Section 5.6.  
\(^{124}\) Revised Code of Business Conduct and Ethics, Section 4.2  
\(^{125}\) Revised Code of Business Conduct and Ethics, Section 4.3  
\(^{126}\) Revised Code of Business Conduct and Ethics, Section 7
Directors, Officers and employees shall act honestly, ethically and in comply with all applicable laws, rules and regulations and protect the name and reputation of the Company.\textsuperscript{130}

Directors, Officers and employees shall not engage in any unfair dealing practices, such as taking advantage of anyone through abuse of confidential information, manipulation, concealment, or misrepresentation or other similar acts.\textsuperscript{131}

Directors, Officers and employees who have a direct or indirect knowledge, from time to time, of material facts or changes in the affairs of the Company, which have not been disclosed to the public, including any information likely to affect the market price of the Company’s shares, are restricted to buy or sell Manila Water shares during the following period:

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  \item \textbf{(e)} Ten (10) calendar trading days before and three (3) calendar trading days after the disclosure of quarterly and annual financial results; and
  \item \textbf{(f)} Three (3) calendar trading days before and three (3) calendar trading days after the disclosure of any material information other than the above.
\end{itemize}

All Directors, Officers, and employees are required to report their trades on a quarterly basis to the Office of the Compliance

\textsuperscript{127} Revised Code of Business Conduct and Ethics, Section 8
\textsuperscript{128} Revised Code of Business Conduct and Ethics, Section 5.5.
\textsuperscript{129} Revised Code of Business Conduct and Ethics, Section 5.6.
\textsuperscript{130} Revised Code of Business Conduct and Ethics, Section 4.2
\textsuperscript{131} Revised Code of Business Conduct and Ethics, Section 4.3
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Directors and Officers who may be covered by the reporting requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) in respect of their shareholding in the Company or any changes thereof shall do so promptly and accurately. Notwithstanding anything to the contrary, the directors shall report their dealings in Company shares one (1) business day before the dealing and within three (3) business days after the dealing.132

The Company hereby adopts a policy of prompt and adequate disclosure of all material facts or changes in the affairs of the Company including any information likely to affect the market price of the Company’s shares to give a fair and complete picture of the Company’s financial condition, results and business operations.

The Company shall ensure transparency of information to its shareholders, stakeholders and the public. It shall regularly and truthfully update its shareholders, stakeholders and the public on its financial and operational results, business prospects and all other relevant information.

The Company shall fully comply with all the disclosure and reporting requirements of the SEC, PSE and all other government and regulatory agencies.

Directors, Officers and employees shall not knowingly misrepresent or cause others to misrepresent information relating to the Company to government and regulatory agencies, independent auditors, the media or any other person.

No Director, Officer or employee shall disclose any confidential information obtained from the Company for personal gain or for the advantage of any other person. This prohibition shall include investment in securities and association with a competitor, customer or supplier of the Company.133

No Director, Officer or employee may use his position in the Company for personal gain or advantage or to promote any action that may run counter to the Company’s ethical standards.134 (Revised Code of Business Conduct and Ethics)

No Director, Officer or employee shall use the Company’s facilities, materials, intellectual properties, vehicles, equipment and supplies for his or another party’s personal purpose.135 (Revised Code of Business Conduct and Ethics)

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132 Revised Code of Business Conduct and Ethics, Section 7
133 Revised Code of Business Conduct and Ethics, Section 8
134 Revised Code of Business Conduct and Ethics, Section 5.5.
135 Revised Code of Business Conduct and Ethics, Section 5.6.
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| The core principle of the Company is to conduct business honestly and fairly with its investors, suppliers, contractors, service providers, customers and employees and other third parties.  

The Company values the dignity of every individual, promotes the enhancement of the development of its human resources, guarantees full respect for human rights, and uphold the dignity of its stakeholders, customers, workers, employees, applicants for employment, students or those undergoing training, instruction or education.  

Hence, the Company shall ensure that its directors, officers and employees subscribe strictly to this policy. All forms of sexual harassment shall be dealt with appropriately and in accordance with the applicable and all relevant laws, rules and regulations on the subject matter.  

Sexual Harassment means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature. (Revised Code of Business Conduct and Ethics)  

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136 Revised Code of Business Conduct and Ethics, Section 4.1  
137 Revised Code of Business Conduct and Ethics, Section 11  
138 Revised Code of Business Conduct and Ethics, Section 4.2  
139 Revised Code of Business Conduct and Ethics, Section 4.1  
140 Revised Code of Business Conduct and Ethics, Section 11
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<td>The Manual of Corporate Governance provides for the gradation of penalties to be imposed upon the directors, officers and staff, after due notice and hearing, for violation of the provisions of the Manual, to wit:</td>
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<td>• In case of first violation, the subject person shall be reprimanded.</td>
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<td>• In case of second violation, suspension from office shall be imposed by the Board.</td>
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<td>• For third violation, removal from office by the Board.</td>
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\(^{141}\) Revised Code of Business Conduct and Ethics, Section 4.2  
\(^{142}\) Revised Code of Business Conduct and Ethics, Section 4.1  
\(^{143}\) Revised Code of Business Conduct and Ethics, Section 11  
\(^{144}\) Revised Code of Business Conduct and Ethics, Section 4.2
Under the Charter of the Board, it is provided that:

*Directors may be removed in the manner provided by law.*\(^{145}\)

*Directors may be removed by the Board by reason of permanent disqualification or for committing three (3) violations of the Manual or for any violation of the Code or relevant policies of the Company. The removal of the director shall be decided by the Board in a meeting called for the purpose, at which meeting a quorum duly existed.*\(^{146}\)

*The stockholders may also exercise the right to remove a director with or without cause, for which purpose, Section 28 of the Corporation Code shall apply.*\(^{147}\)

Directors who violate the applicable provisions of this Code shall be subject to disciplinary actions by the Board, in accordance with existing laws, rules, and regulations, the By Laws of the Company, and other company policies. This is without prejudice to any liability, whether criminal, civil or otherwise, of the directors under the provisions of existing laws, rules and regulations.\(^{148}\)

Anyone filing a complaint or report concerning a wrongdoing or suspected wrongdoing must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense if committed by a director, officer or employee and shall be a ground for dismissal of the complaint or report.\(^{149}\)

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Corporate Officers, or those appointed by the Board, are subject to disciplinary actions by the Board of Directors. Those members of the management that are not appointed by the Board are subject to the Employee Code of Conduct and Discipline and by the applicable provisions of the labor laws and regulations.

\(^{145}\) Charter of the Board, Section 2.5.1  
\(^{146}\) Charter of the Board, Section 2.5.2  
\(^{147}\) Charter of the Board, Section 2.5.3  
\(^{148}\) Revised Code of Business Conduct and Ethics, Section 13.3  
\(^{149}\) Whistleblowing Policy, Section 7.3
Anyone filing a complaint or report concerning a wrongdoing or suspected wrongdoing must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense if committed by a director, officer or employee and shall be a ground for dismissal of the complaint or report.\textsuperscript{150}

Disciplinary actions upon employees are provided under the Employee Code of Conduct and Discipline and by the applicable provisions of the labor laws and regulations.

Positive staff discipline as a fundamental management responsibility is a line function to be exercised by all Managers within the organization. This being so, Managers shall be held responsible for enforcing the necessary controls to prevent the commission of any violation by their subordinates. Other than taking charge of initiating corrective action in the behaviour of their subordinates, whenever necessary, they shall also be held accountable for the results or repercussions of their subordinate’s offense to the Company especially for integrity-related cases.\textsuperscript{151} (Employee Code of Conduct and Discipline)

Due process shall be observed in the management of all administrative cases, in accordance with the Law. This will ensure that the erring employee is afforded an opportunity to be heard and that his/her case is managed with objectivity, fairness and consistency. Detailed procedures are itemized in the succeeding section.\textsuperscript{152} (Employee Code of Conduct and Discipline)

Anyone filing a complaint or report concerning a wrongdoing or suspected wrongdoing must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense if committed by a director, officer or employee and shall be a ground for dismissal of the complaint or report.\textsuperscript{153}

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\textbf{Whistle Blower} & \\
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\textbf{Directors} & It is essential that all material information that could potentially affect Manila Water’s share price and viability, or the interest of its stockholders and other stakeholders, and such other information that are required to be disclosed pursuant to the SRC and its IRR as well as other relevant laws should be publicly and timely disclosed. These information include but are not limited to earnings results, acquisition or disposal of significant assets, off balance sheet transactions, changes in Board membership as well changes in shareholdings of directors and officers, and remuneration of directors and officers and related party transactions. \\
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\textsuperscript{150} Whistleblowing Policy, Section 7.3
\textsuperscript{151} Employee Code of Conduct and Discipline, Implementing Guidelines, page 6.
\textsuperscript{152} Ibid.
\textsuperscript{153} Whistleblowing Policy, Section 7.3
The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders. (Manual of Corporate Governance)

Directors, Officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board, in case of directors, and to the immediate supervisor or to the Office of the Compliance Officer in case of officers and employees. The Corporation shall promptly identify and investigate any suspected fraudulent or dishonest acts. Without prejudice to applicable administrative sanctions, the Corporation may pursue civil and/or criminal actions against directors, officers and employees as may be warranted.

Below is the pertinent portion of Whistle Blower Policy:

5.1 All covered persons are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board of Directors, in case of a Director and to the Line Manager/Immediate Superior and/or the Compliance Officer, in case of Officers and employees.

Such acts include, but are not limited to, the following:

(a) any criminal act or gross violation of any corporate governance policy of the Company;
(b) failure to comply with a legal duty through negligence or gross misconduct;
(c) any loss or damage to the Company due to fraud, corruption, or similar cause;
(d) conflicts of interest; and
(e) deliberate cover-up of any of the above acts.

7.1 Reporting Channels
Whistle blowers can initiate reports and complaints through in-person meetings or through any of the following channels: electronic mail; registered or regular mails, website of the Company, telephone call, and facsimile, as may be made available from time to time.

The Committee shall ensure the accessibility of the Reporting Channels when made available. The Whistle Blowers can communicate with the WB Committee through the following:

154 Revised Manual of Corporate Governance, Section 12.1
155 Revised Code of Business Conduct and Ethics, Section 4.5
7.2 Form of Reports
The Committee will accept reports in any form and regardless of the channels used, as long as the information provided by the Whistle blower are adequate and sufficient pursuant to Section 7.6 Action on Complaints and Reports. However, the Whistle blower should be accessible to the Committee through a communication channel which may include but shall not be limited to, electronic mail, telephone, short messaging service, online chats, and other similar means.

The Whistle blower has the option to identify a particular member of the Committee with whom to communicate with regard to the reports and the complaint.

7.3 Acting in good faith
Anyone filing a complaint or report concerning a wrongdoing or suspected wrongdoing must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense if committed by a director, officer or employee and shall be a ground for dismissal of the complaint or report.

Good faith means that the Whistle blower has a reasonable suspicion that a fraudulent or dishonest act has occurred, is occurring or is likely to occur.

7.4 Protection from Retaliation
The Whistle blower shall be protected from any form of retaliation or discrimination by the concerned person, his co-employees or superiors.

7.5 Confidentiality
All Whistle blower complaints and reports including the identity of the whistle blower, witnesses and employees named in the Complaint and the report, as well as the activities and investigations undertaken pursuant to this Policy, will be treated in a confidential and sensitive manner, unless the Company is otherwise required or compelled by law or order of competent authority to release the information.
7.6  Action on Complaints and Reports
(a)  The reports and the complaints shall be received by the Committee through any of the available reporting channels. Any channel the Whistle blower may choose will require a minimum level of information.

(b)  The minimum information required for a report or complaint shall include:
   (i)  Communication channel to the Whistle blower (e.g. e-mail address, contact number, chat name, etc.)
   (ii)  Charges are specified, including the relevant material facts (e.g., nature of incident, time and places of the incident, process involved, evidence, and other important matters necessary to establish a case)
   (iii)  The report should pertain to a matter relevant to the business of Manila Water. It must contain sufficient details and include supporting documents if available, to enable the Committee to properly investigate the incident reported and take the necessary action
   (iv)  Urgency of the complaint

(c)  Preliminary Investigations
Based on the reports of the Whistle blower, if sufficient, the Committee may cause the CAE, by himself, or through his duly authorized representatives/delegates, to conduct a discreet, preliminary audit or fact finding procedures to test the credibility of the information.

In case that the CAE finds the information lacking or not clear, the CAE shall, with the approval of the Committee, communicate with the Whistle blower using the communication channel the Whistle blower provided.

The CAE shall submit a report to the Committee on the results of the preliminary investigation. The report will include recommendation to pursue or terminate the investigation depending on the sufficiency of evidence and results of preliminary investigation. After the preliminary investigation has been completed and the Whistle blower report is verified, the Committee shall present to its members the report for appropriate action. Based on the preliminary investigation, the Committee shall decide whether to terminate or elevate the Whistle blower report to full investigation.

(d)  Full Investigation
Upon determination by the Committee after the preliminary investigation, the investigation may proceed further. The Committee shall select the composition of the investigative team to conduct a thorough investigation of the report or compliant. The Committee shall ensure that the members of the investigative team has the appropriate capacity to investigate the concern.

In case of concerns assessed to be out of the expertise of the Committee members, an external service provider may be
called upon to do the investigation. (e) After the full investigation has been completed the Committee shall present to its members the report for appropriate action. Based on the results of the full investigation, the Committee shall decide whether to terminate the complaint or prosecute any offense or violation in accordance with the procedures laid down in the relevant policy of the Company. The Committee shall ensure all offenses and violation identified are penalized and dealt with according to its respective disciplinary/corrective action. Copies of the resolutions will be included in the CHRG personnel records if it involves an employee.

(f) All cases within the scope of the Committee must be resolved within a reasonable time as determined from the time all relevant documents have been obtained.

(g) In case of imminent risks, the Compliance Officer shall be permitted to mobilize sufficient resources and departments/units of the Company to address and mitigate the same. Imminent risk shall be situations that require immediate attention as they pose significant risk to public health or safety, or a danger to the environment.

The Compliance Officer may also directly investigate any matter involving imminent risks, or delegate the conduct of investigation to any member of the Committee.

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Senior Management

Directors, Officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board, in case of directors, and to the immediate supervisor or to the Office of the Compliance Officer in case of officers and employees. The Corporation shall promptly identify and investigate any suspected fraudulent or dishonest acts. Without prejudice to applicable administrative sanctions, the Corporation may pursue civil and/or criminal actions against directors, officers and employees as may be warranted.\(^\text{156}\)

Below is the pertinent portion of Whistle Blower Policy:

5.1 All covered persons are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board of Directors, in case of a Director and to the Line Manager/Immediate Superior and/or the Compliance Officer, in case of Officers and employees.

Such acts include, but are not limited to, the following:

(a) any criminal act or gross violation of any corporate governance policy of the Company;
(b) failure to comply with a legal duty through negligence or gross misconduct;

\(^{156}\) Revised Code of Business Conduct and Ethics, Section 4.5.
(c) any loss or damage to the Company due to fraud, corruption, or similar cause;
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7.1 Reporting Channels
Whistle blowers can initiate reports and complaints through in-person meetings or through any of the following channels: electronic mail; registered or regular mails, website of the Company, telephone call, and facsimile, as may be made available from time to time.

The Committee shall ensure the accessibility of the Reporting Channels when made available. The Whistle Blowers can communicate with the WB Committee through the following:

Telephone: +632 981 8179
Electronic Mail: whistleblower@manilawater.com
Regular Mail: Whistle Blower Committee
Manila Water Company, Inc.
Legal and Corporate Governance Department
2/F MWSS Administration Building,
489 Katipunan Road, Balara, Quezon City, Philippines

7.2 Form of Reports
The Committee will accept reports in any form and regardless of the channels used, as long as the information provided by the Whistle blower are adequate and sufficient pursuant to Section 7.6 Action on Complaints and Reports. However, the Whistle blower should be accessible to the Committee through a communication channel which may include but shall not be limited to, electronic mail, telephone, short messaging service, online chats, and other similar means.

The Whistle blower has the option to identify a particular member of the Committee with whom to communicate with regard to the reports and the complaint.

7.3 Acting in good faith
Anyone filing a complaint or report concerning a wrongdoing or suspected wrongdoing must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense if committed by a director, officer or employee and shall be a ground for dismissal of the complaint or
report 3.

Good faith means that the Whistle blower has a reasonable suspicion that a fraudulent or dishonest act has occurred, is occurring or is likely to occur.

7.4 Protection from Retaliation
The Whistle blower shall be protected from any form of retaliation or discrimination by the concerned person, his co-employees or superiors.

7.5 Confidentiality
All Whistle blower complaints and reports including the identity of the whistle blower, witnesses and employees named in the Complaint and the report, as well as the activities and investigations undertaken pursuant to this Policy, will be treated in a confidential and sensitive manner, unless the Company is otherwise required or compelled by law or order of competent authority to release the information.

7.6 Action on Complaints and Reports
(a) The reports and the complaints shall be received by the Committee through any of the available reporting channels. Any channel the Whistle blower may choose will require a minimum level of information.

(b) The minimum information required for a report or complaint shall include:
   (i) Communication channel to the Whistle blower (e.g. e-mail address, contact number, chat name, etc.)
   (ii) Charges are specified, including the relevant material facts (e.g., nature of incident, time and places of the incident, process involved, evidence, and other important matters necessary to establish a case)
   (iii) The report should pertain to a matter relevant to the business of Manila Water. It must contain sufficient details and include supporting documents if available, to enable the Committee to properly investigate the incident reported and take the necessary action
   (iv) Urgency of the complaint

(c) Preliminary Investigations
Based on the reports of the Whistle blower, if sufficient, the Committee may cause the CAE, by himself, or through his duly authorized representatives/delegates, to conduct a discreet, preliminary audit or fact finding procedures to test the credibility of the information.

In case that the CAE finds the information lacking or not clear, the CAE shall, with the approval of the Committee, communicate with the Whistle blower using the communication channel the Whistle blower provided.
The CAE shall submit a report to the Committee on the results of the preliminary investigation. The report will include recommendation to pursue or terminate the investigation depending on the sufficiency of evidence and results of preliminary investigation.

After the preliminary investigation has been completed and the Whistle blower report is verified, the Committee shall present to its members the report for appropriate action. Based on the preliminary investigation, the Committee shall decide whether to terminate or elevate the Whistle blower report to full investigation.

(d) Full Investigation
Upon determination by the Committee after the preliminary investigation, the investigation may proceed further. The Committee shall select the composition of the investigative team to conduct a thorough investigation of the report or compliant. The Committee shall ensure that the members of the investigative team has the appropriate capacity to investigate the concern.

In case of concerns assessed to be out of the expertise of the Committee members, an external service provider may be called upon to do the investigation.

(e) After the full investigation has been completed the Committee shall present to its members the report for appropriate action. Based on the results of the full investigation, the Committee shall decide whether to terminate the complaint or prosecute any offense or violation in accordance with the procedures laid down in the relevant policy of the Company. The Committee shall ensure all offenses and violation identified are penalized and dealt with according to its respective disciplinary/corrective action. Copies of the resolutions will be included in the CHRG personnel records if it involves an employee.

(f) All cases within the scope of the Committee must be resolved within a reasonable time as determined from the time all relevant documents have been obtained.

(g) In case of imminent risks, the Compliance Officer shall be permitted to mobilize sufficient resources and departments/units of the Company to address and mitigate the same. Imminent risk shall be situations that require immediate attention as they pose significant risk to public health or safety, or a danger to the environment.

The Compliance Officer may also directly investigate any matter involving imminent risks, or delegate the conduct of investigation to any member of the Committee.

| Employees | Directors, Officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board, in case of directors, and to the immediate supervisor or to the Office of the Compliance Officer in case of officers |
and employees. The Corporation shall promptly identify and investigate any suspected fraudulent or dishonest acts. Without prejudice to applicable administrative sanctions, the Corporation may pursue civil and/or criminal actions against directors, officers and employees as may be warranted.\textsuperscript{157}

Below is the pertinent portion of Whistle Blower Policy:

5.1 All covered persons are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board of Directors, in case of a Director and to the Line Manager/Immediate Superior and/or the Compliance Officer, in case of Officers and employees.

Such acts include, but are not limited to, the following:
(a) any criminal act or gross violation of any corporate governance policy of the Company;
(b) failure to comply with a legal duty through negligence or gross misconduct;
(c) any loss or damage to the Company due to fraud, corruption, or similar cause;
(d) conflicts of interest; and
(e) deliberate cover-up of any of the above acts.

7.1 Reporting Channels
Whistle blowers can initiate reports and complaints through in-person meetings or through any of the following channels: electronic mail; registered or regular mails, website of the Company, telephone call, and facsimile, as may be made available from time to time.

The Committee shall ensure the accessibility of the Reporting Channels when made available. The Whistle Blowers can communicate with the WB Committee through the following:

Telephone: +632 981 8179
Electronic Mail: whistleblower@manilawater.com
Regular Mail: Whistle Blower Committee
Manila Water Company, Inc.
Legal and Corporate Governance Department
2/F MWSS Administration Building,
489 Katipunan Road, Balara, Quezon City, Philippines
7.2 Form of Reports
The Committee will accept reports in any form and regardless of the channels used, as long as the information provided by the Whistle blower are adequate and sufficient pursuant to Section 7.6 Action on Complaints and Reports. However, the Whistle blower should be accessible to the Committee through a communication channel which may include but shall not be limited to, electronic mail, telephone, short messaging service, online chats, and other similar means.

The Whistle blower has the option to identify a particular member of the Committee with whom to communicate with regard to the reports and the complaint.

7.3 Acting in good faith
Anyone filing a complaint or report concerning a wrongdoing or suspected wrongdoing must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense if committed by a director, officer or employee and shall be a ground for dismissal of the complaint or report.

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The Compliance Officer may also directly investigate any matter involving imminent risks, or delegate the conduct of investigation to any member of the Committee.

<table>
<thead>
<tr>
<th>Conflict Resolution</th>
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<tbody>
<tr>
<td><strong>Directors</strong></td>
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<tr>
<td>The Board shall ensure the presence and adequacy of internal control mechanisms for good governance by, among others, reviewing conflict-of-interest situations and providing appropriate remedial measures for the same.¹⁵⁸</td>
</tr>
<tr>
<td>The Board shall establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts of differences between the Company and its stockholders and the Company and third parties, including regulatory authorities., without prejudice to the Company’s ability to avail of its legal rights to address or resolve conflicts or differences with such parties in the proper venue as it deems appropriated or warranted.¹⁵⁹ (Manual of Corporate Governance).</td>
</tr>
<tr>
<td>The Board shall monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.¹⁶⁰</td>
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<tr>
<td><strong>Senior Management</strong></td>
</tr>
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<td>Due Process shall be observed in the management of all administrative cases, in accordance with the law. This will ensure that the erring employee is afforded an opportunity to be heard and that his/her case is managed with objectivity, fairness and consistency.¹⁶¹ (Employee Code of Conduct and Discipline)</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
</tr>
<tr>
<td>Positive staff discipline as a fundamental management responsibility is a line function to be exercised by all Managers within the organization. This being so, Managers shall be held responsible for enforcing the necessary controls to prevent the commission of any violation by their subordinates. Other than taking charge of initiating corrective action in the behaviour of</td>
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¹⁵⁸ Charter of the Audit Committee, E, II, v
¹⁵⁹ Manual of Corporate Governance, Article 9.3, page 45
¹⁶⁰ Charter of the Board, Section 3.1.1 (f).
their subordinates, wherever necessary, they shall also be held accountable for the results or repercussions of their subordinate’s offense to the Company especially for integrity-related cases.\(^{162}\) (Employee Code of Conduct and Discipline)

Due process shall be observed in the management of all administrative cases, in accordance with the Law. This will ensure the erring employee is afforded an opportunity to be heard and that his/her case is managed with objectivity, fairness, and consistency.\(^{163}\) (Employee Code of Conduct and Discipline)

Disciplinary and corrective action should always be treated with utmost confidentiality. This will ensure that the erring employee is afforded an opportunity to be heard and that his/her case is managed with objectivity, fairness and consistency. Detailed procedures are itemized in the succeeding section.\(^{164}\) (Employee Code of Conduct and Discipline)

Grievance arising from such disciplinary/corrective actions involving staff employees will be addressed through the grievance procedures/machinery stated in the Collective Bargaining Agreement. Grievance arising from disciplinary/corrective actions involving officers of the Company will be referred to the next higher manager up to the level of the Corporate Human Resources Group Director.\(^{165}\) (Employee Code of Conduct and Discipline)

2) **Has the code of ethics or conduct been disseminated to all directors, senior management and employees?**

Yes. The Revised Code of Business Conduct and Ethics was approved by the Executive Committee in its regular meeting held on May 18, 2017 and was ratified by the Board in its regular meeting held on June 8, 2017. A copy of the Revised Code was furnished to each member of the Board.

An electronic copy of the Revised Code of Business Conduct and Ethics has been sent by electronic mail to the officers of the Company and can also be downloaded from the Company’s website.

The Revised Code of Business Conduct and Ethics consolidates and enhances the Company’s existing policies on honesty and fair dealing, conflict of interest, corporate entertainment and gifts, insider trading, prompt and adequate disclosure of material information, creditor rights, anti-corruption, and anti-sexual harassment. The Code also includes provisions on the powers and duties of the Office of the Compliance Officer in relation to the implementation and monitoring of the Revised Code.

\(^{162}\) Employee Code of Conduct and Discipline, Implementing Guidelines, page 5.

\(^{163}\) Ibid.

\(^{164}\) Ibid.

\(^{165}\) Employee Code of Conduct and Discipline, Implementing Guidelines, page 7.
3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Revised Code of Business Conduct and Ethics of the Company provides for the process for the implementation thereof. In particular, Articles 12 and 13 of the Revised Code provide:

“12. Office of the Compliance Officer

12.1 Except as otherwise provided in this Code, the Office of the Compliance Officer shall be primarily responsible for the implementation of this Code.

12.2 There shall be a Corporate Governance Panel (the “Panel”) composed of three (3) members which shall be under the direct supervision and control of the Compliance Officer. The Head of the Legal Department shall be the ex-officio chairman of the Panel, while the Heads of the Internal Audit Department and the Employee Engagement Department shall be the ex-officio members.

12.3 The Panel shall be responsible for receiving and investigating complaints for violations of the Code.

In performing any function within their authority pursuant to this Code, the chairman and the members of the panel may appoint their respective representatives.

12.4 The Panel shall, in the conduct of investigation, comply with the following procedures:

a. A complaint may be filed with the Panel in writing.

b. The Respondent shall be notified of the Complaint against him and shall be given a period of five (5) days within which to respond to the notice. The notice shall attach the Complaint, if any, or shall specify in detail the subject of the Complaint.

c. The Panel may, based on the response of the Respondent, conduct further hearings or dismiss the Complaint motu proprio. However, no finding of violation of the Code shall be issued motu proprio.

d. After conducting hearings, the Panel shall issue a resolution either finding the Respondent to have violated the Code or dismissing the Complaint. In which case, all resolutions of the Panel shall be endorsed to the Office of the Compliance Officer for his final decision.
e. The Compliance Officer may either affirm or reverse the resolution of the Panel. The Respondent shall be furnished with a copy of the decision of the Compliance Officer.

A decision exonerating the Respondent shall be deemed final and executory. A finding of violation shall be referred to the Labor Relations Department for appropriate action. A decision issued after a finding of violation of the Code shall form part of the 201 File of the Officer or the employee.

13. Implementation and Monitoring of the Code

13.1 The Code shall be distributed to all directors, officers and employees, who shall signify, in any manner capable of being recorded, that they have received, read and understood the Code. The Office of the Compliance Officer shall keep a record of this acknowledgement.

13.2 A Director, officer or employee who becomes aware of any violation of the Code shall immediately notify the Board, in case of a Director, or the immediate supervisor or the Office of the Compliance Officer, in case of officers and employees. The Board and the Office of the Compliance Officer shall take all the necessary action to investigate any and all reported violations.

13.3 An officer or employee who commits a violation of this Code shall be subject to disciplinary action, without prejudice to any civil or criminal proceedings that the Corporation or any government regulators or agencies may institute for violation of existing laws, rules or regulations.

Directors who violate the applicable provisions of this Code shall be subject to disciplinary actions by the Board, in accordance with existing laws, rules, and regulations, the By Laws of the Corporation, and other company policies. This is without prejudice to any liability, whether criminal, civil or otherwise, of the directors under the provisions of existing laws, rules and regulations.

13.4 The Board or the Office of the Compliance Officer, as the case may be, shall be responsible for implementing and monitoring compliance with the Code. The Office of the Compliance Officer shall also have the authority to decide any issues that may arise in connection with the implementation of this Code.

There shall be no exceptions from or waivers of any provision of this Code, except as expressly approved by the Office of the Compliance Officer in writing, and only under exceptional circumstances. The Office of the Compliance Officer shall maintain a record of all such requests for exceptions and waivers, the basis for the grant thereof.
13.5 In case of doubt regarding the interpretation and application of this Code, the matter should be referred to the Office of the Compliance Officer, except when the individual involved is a director, in which case, the matter shall be referred to the Board of Directors.

13.6 The provisions of this Code shall be without prejudice to the provisions of existing and relevant laws, rules and regulations.”

4) Related Party Transactions

(a) Policies and Procedures

Describe the company’s policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

The Company shall avoid related party transactions (“RPTs”). In instances where related party transactions cannot be avoided, the Company shall disclose all relevant information on the same, including information on the affiliated parties and the affiliation of directors and principal officers.166

In addition, the Company ensures that those related party transactions are arms-length-transaction. The Contracts for provision of goods and services are bidden out to accredited contractors, service providers and vendors, whether related parties or not. The terms and conditions of the Contracts are agreed upon after good faith negotiations.

<table>
<thead>
<tr>
<th>Related Party Transactions</th>
<th>Policies and Procedures</th>
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<tbody>
<tr>
<td>(1) Parent Company</td>
<td>Arms-length</td>
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<td></td>
<td>Appropriate disclosure</td>
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<td>Non-material RPTs are subject to review and approval of the Compliance Officer</td>
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166 Policy on Related Party Transactions, Section 2
<table>
<thead>
<tr>
<th>(2) Joint Ventures</th>
<th>Arms-length</th>
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<tr>
<td>In furtherance of common projects</td>
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<th>(3) Subsidiaries</th>
<th>Arms-length</th>
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<td>In furtherance of the Company’s business and operations</td>
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<th>(4) Entities Under Common Control</th>
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<th>(5) Substantial Stockholders</th>
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Non-material RPTs are subject to review and approval of the Compliance Officer

(6) Officers including spouse/children/siblings/parents

To be avoided pursuant to the Conflict of Interest policy pursuant to the Code of Business Conduct and Ethics and the Manual of Corporate Governance

Material RPTs with the Company are subject to the review and approval of the RPT Committee (composed entirely by independent directors)

Non-material RPTs are subject to review and approval of the Compliance Officer

(7) Directors including spouse/children/siblings/parents

To be avoided pursuant to the Conflict of Interest policy under the Revised Code of Business Conduct and Ethics and the Manual of Corporate Governance

Material RPTs with the Company are subject to the review and approval of the RPT Committee (composed entirely by independent directors)

Non-material RPTs are subject to review and approval of the Compliance Officer

(8) Interlocking director relationship of Board of Directors

To be avoided pursuant to the Conflict of Interest policy under the Code of Business Conduct and Ethics and the Manual of Corporate Governance

Material RPTs with the Company are subject to the review and approval of the RPT Committee (composed entirely by independent directors)

Non-material RPTs are subject to review and approval of the Compliance Officer

*Under the Policy on RPT, **Material RPT** means any RPT with a stated value of at least Fifty Million Pesos (PhP50,000,000.00)

On May 18, 2017, the Executive Committee, in its regular meeting, approved and adopted the Policy on Related Party Transactions (RPT). It was also approved, ratified and adopted by the Board in its regular meeting held on June 8, 2017. The Policy on RPT has the following objectives:

a. To provide guidance on what constitutes RPTs;
b. To avoid conflict of interest and comply with regulatory and good governance practices;
c. To ensure that the appropriate process for approval of the transaction has been undertaken; and
d. To ensure compliance with the Disclosure Policy of the Corporation and disclosure requirements of Financial Statement Reporting

The RPT provides that material RPTs shall be approved by the RPT Committee composed of three (3) independent directors.

Below are the relevant provisions of the Policy on RPT:

“5. Disclosure Requirements:

5.1 The Company must comply with all disclosure requirements of RPT mandated under the Manual, and the applicable laws, rules and regulations.

5.2 The Related Parties must comply with all the disclosure requirements of RPTs required under applicable law, rules and regulations of the SEC, PSE and the BIR, and other relevant government agencies.

5.3 Each director, executive officer and members of the Key Management is responsible for providing written notice to the Office of the Compliance Officer of any potential RPT involving him or her or his or her Immediate Family Member, including any additional information about the transaction that may reasonably be requested by the Company.

The Office of the Compliance Officer, by himself, or in consultation with the Management Committee and with the Chief Legal Counsel or external counsel, as appropriate, will determine whether the notified transaction does, in fact, constitute a RPT requiring compliance with this Policy.

Disclosure of a RPT shall include information about the price of the transaction, outstanding balances, if any, major terms and conditions and guarantees, if any. The Office of the Compliance Officer may require additional and other relevant information sufficient to enable the Office of the Compliance Officer to determine any Conflict of Interest and the potential effect of the relationship.

5.4 In addition, each director, executive officer and member of the Key Management may be required to complete a questionnaire that inquires about their RPTs and those of their Immediate Family Members.

6. Guidelines Prior to entering into a RPT:

6.1 All RPTs shall have terms and conditions that are fair and equitable to the Company.

6.2 The approval, award, processing and payment of RPTs shall follow the same procedures as the other transactions and contracts of the Company. No unusual privilege or special treatment shall be afforded a Related Party.
6.3 In case of doubt on the nature of a transaction subject of investigation or review pursuant to this Policy, the Office of the Compliance Officer, in consultation with the Committee, shall determine whether the transaction or relationship constitutes a RPT, and whether the same shall be pursued taking into consideration the cost and benefit to the Company.

6.4 Prior to the award of any Material RPT, the Company shall submit the same for the review of the Committee to confirm that it has undergone the same process as an ordinary transaction and to determine that the Material RPT under review is in the best interest of the Company.

When a Material RPT is submitted to the Committee for review, the presence of at least two (2) independent directors shall be necessary to constitute a quorum of the Committee.

Non-Material RPTs shall be subject to the review and/or approval of the Compliance Officer.

7. Internal Reporting of RPTs

7.1 The following transactions, even if with a Related Party, are not subject to this Policy:

(a) Compensation of directors and employment of executive officers;
(b) Transactions with similar terms available to all employees generally;
(c) Banking, finance or insurance-related services and transactions with a Related Party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business;
(d) Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis;
(e) Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;
(f) Any transaction with a Related Party involving system cost recoveries, agreements or intercompany advances in exchange for rendering of services such as construction, construction management, procurement, engineering, property management, technical services, and other services in the ordinary course of doing business;
(g) Transfer of resources between wholly-owned subsidiaries of a common parent company.

7.2 The Compliance Officer shall prepare a monthly report on RPTs based on the disclosures and/or reports of RPTs submitted to the Compliance Officer.

The Report shall be submitted to the Accounting Department to be furnished the External Auditor for proper disclosure in the Financial Statements of the Company, if necessary under applicable financial reporting rules and policies.
8. **Prohibited RPTs**

8.1 Notwithstanding any provision of this Policy to the contrary, the following RPTs shall not be allowed:

(a) Loans and/or financial assistance to a Director;
(b) Loans and/or financial assistance to the Key Management, except when allowed pursuant to an established company benefit or plan.

9. **Sanctions**

9.1 Non-compliance with any provision of this Policy, in particular, the reporting, and disclosure requirements, the guidelines prior to entering into RPT and the prohibited RPTs, shall result in the invalidation of the Contract involved in the RPT.

9.2 Any officer or employee of the Company who has knowledge of any violation of this Policy shall report the same to the Office of the Compliance Officer.

The Compliance Officer, shall report to the Committee all violations of this Policy.

9.3 The Committee shall have the authority to recommend to the Board of Directors the invalidation of the Contract.

9.4 This Policy shall be without prejudice to the provisions of the Code, the Manual of Corporate Governance and all related and relevant policies of the Company which shall be observed and shall apply to the fullest extent possible. In particular, RPTs shall not be allowed if it would present a conflict of interest for any Related Party as defined in the Code.”

(b) **Conflict of Interest**

(i) **Directors/Officers and 5% or more Shareholders**

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

<table>
<thead>
<tr>
<th>Details of Conflict of Interest (Actual or Probable)</th>
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<tbody>
<tr>
<td>Name of Director/s</td>
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<tr>
<td>Name of Officer/s</td>
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<tr>
<td>Name of Significant Shareholders</td>
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</tbody>
</table>
(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

<table>
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<th>Directors/Officers/Significant Shareholders</th>
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<tr>
<td><strong>Company</strong></td>
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<tr>
<td>The Company obtains sufficient information regarding the counterparty, including financial and ownership information. Hence, any potential conflict of interest will be determined at the earliest instance and appropriate actions are immediately adopted. In certain instances, transactions that involve potential conflict of interest are not pursued.</td>
</tr>
<tr>
<td><strong>Group</strong></td>
</tr>
<tr>
<td>In case of related party transactions, the Company’s policy requires that it shall avoid the same. In instances where related party transactions cannot be avoided, the Company shall disclose all relevant information on the same, including information on the affiliated parties and the affiliation of directors and principal officers.167</td>
</tr>
</tbody>
</table>

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,168 commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

<table>
<thead>
<tr>
<th>Names of Related Significant Shareholders</th>
<th>Type of Relationship</th>
<th>Brief Description of the Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

<table>
<thead>
<tr>
<th>Names of Related Significant Shareholders</th>
<th>Type of Relationship</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayala Corporation</td>
<td>Administrative and Support Services Agreement</td>
<td>Under the Agreement, Ayala Corporation is required, as the Company’s sponsor pursuant to the Concession Agreement, to provide technical and other knowledge, experience and skills as reasonably necessary for the development, administration and operation of the concession.</td>
</tr>
</tbody>
</table>

---
167 policy on Related Party Transactions, Section 2
168 Family relationship up to the fourth civil degree either by consanguinity or affinity.
For more information on Related Party Transactions, refer to Note 20 of the Audited Consolidated Financial Statements of the Company.

Parties are considered to be related to the Group if it has the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

In the normal course of business, the Group has transactions with related parties. The sales and investments made to related parties are made at normal market prices. Service agreements are based on rates agreed upon by the parties. Outstanding balances at year-end are unsecured and interest-free. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2016 and 2015, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

<table>
<thead>
<tr>
<th>Name of Shareholders</th>
<th>% of Capital Stock affected (Parties)</th>
<th>Brief Description of the Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayala Corporation</td>
<td>At least 10%</td>
<td>Ayala Corp is required to own (directly or indirectly) at least 10% of the total outstanding capital stock of Manila Water pursuant to Section 6.11 of the Concession Agreement of Manila Water with the government-owned and controlled corporation Metropolitan Waterworks and Sewerage System dated February 21, 1997, unless the requirement is waived in writing by the MWSS Regulatory Office</td>
</tr>
</tbody>
</table>

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

<table>
<thead>
<tr>
<th>Alternative Dispute Resolution System</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation &amp; Stockholders</td>
<td>The Corporation has not had any dispute with any stockholder in the last three (3) years</td>
</tr>
<tr>
<td>Corporation &amp; Third Parties</td>
<td>Negotiation and Mediation prior to arbitration or court action</td>
</tr>
<tr>
<td></td>
<td>Arbitration or Court action, depending on the provision of the contract</td>
</tr>
</tbody>
</table>
Corporation & Regulatory Authorities

The Concession Agreement with the MWSS provides for arbitration before an Appeals Panel composed of three (3) members appointing and conducting proceedings in accordance with the arbitration rules of the United Nations Commission on International Trade Law.

The Letter of Undertaking of the National Government in favor of the Company provides for arbitration before an arbitration panel consisting of three (3) members appointed and conducting proceedings in accordance with the arbitration rules of the United Nations Commission on International Trade Law.

The Company has not been in conflict with any of its stockholders in the last three (3) years.

With regard to third parties and regulatory authorities, the Company has availed of arbitration or court proceedings, in accordance with the provisions of the relevant contracts, or in accordance with the applicable laws, rules and regulations, if there is no contract. Nevertheless, the Company, stockholders, third parties and regulatory authorities are entitled to avail of the remedies provided under existing laws, rules and regulations.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors’ meetings scheduled before or at the beginning of the year?

Meetings of Board of Directors are scheduled before the beginning of the year.

*In its regular meeting held on November 22, 2016, which meeting was attended by all members of the Board, the Board approved the holding of Board meetings for the year 2017 on the dates and at times specified below, subject to the authority given by the Board to the Chairman to make changes to the schedules after consultation with the members of the Board:*

<table>
<thead>
<tr>
<th>Nature of Meeting</th>
<th>Date of Meeting</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Meeting</td>
<td>February 27, 2017, Monday*</td>
<td>9:00 a.m.</td>
</tr>
<tr>
<td>Organizational Board Meeting</td>
<td>April 17, 2017, Monday</td>
<td>Immediately after the 2016 ASM</td>
</tr>
<tr>
<td>Meeting of Non-Executive Directors</td>
<td>April 17, 2017, Monday</td>
<td>Immediately after the Organizational Meeting of the Board</td>
</tr>
<tr>
<td>Regular Meeting</td>
<td>June 8, 2017, Thursday</td>
<td>9:00 a.m.</td>
</tr>
<tr>
<td>Regular Meeting</td>
<td>August 10, 2017, Thursday</td>
<td>9:00 a.m.</td>
</tr>
<tr>
<td>Regular Meeting</td>
<td>October 3, 2017, Tuesday</td>
<td>9:00 a.m.</td>
</tr>
<tr>
<td>Regular Meeting</td>
<td>November 23, 2016, Thursday</td>
<td>9:00 a.m.</td>
</tr>
</tbody>
</table>
*This meeting was held on March 1, 2017, after concurrence of all the members of the Board of Directors. In the same meeting, the Board authorized the holding of the 2017 Annual Stockholders’ Meeting on April 17, 2017 at 9:00 a.m. at Fairmont Makati, Makati City, with record date of February 20, 2017.

2) Attendance of Directors

Board Meeting Attendance of Board of Directors in 2017 (as of June 30, 2017):

<table>
<thead>
<tr>
<th>Board</th>
<th>Name</th>
<th>Date of Election*</th>
<th>No. of Meetings Held during the year**</th>
<th>No. of Meetings Attended</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Fernando Zobel de Ayala</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Jaime Augusto Zobel de Ayala</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Gerardo C. Ablaza Jr.</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Ferdinand M. dela Cruz****</td>
<td>April 17, 2017</td>
<td>2***</td>
<td>2/2</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Delfin L. Lazaro</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Antonino T. Aquino</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>John Eric T. Francia</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Independent</td>
<td>Sherisa P. Nuesa</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Independent</td>
<td>Jose L. Cuisia Jr.</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Independent</td>
<td>Oscar S. Reyes</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Independent</td>
<td>Jaime C. Laya</td>
<td>April 17, 2017</td>
<td>4</td>
<td>4/4</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Victoria P. Garchitorena****</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1/1</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Date of most recent election
**Including the Meeting of the Non-Executive Directors
***As an Executive Director, Mr. Ferdinand M. dela Cruz was not a party to the meeting of the Non-Executive Directors.
****Mr. Dela Cruz was elected as director of the Company by the stockholders during their annual meeting held on April 17, 2017. The term of Ms. Garchitorena as director ended last April 17, 2017.
Board Meeting Attendance of Board of Directors in 2016:

<table>
<thead>
<tr>
<th>Board</th>
<th>Name</th>
<th>Date of Election</th>
<th>No. of Meetings Held during the year*</th>
<th>No. of Meetings Attended</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Fernando Zobel de Ayala</td>
<td>April 11, 2016</td>
<td>7</td>
<td>7/7</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Jaime Augusto Zobel de Ayala</td>
<td>April 11, 2016</td>
<td>7</td>
<td>7/7</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Gerardo C. Ablaza Jr.</td>
<td>April 11, 2016</td>
<td>6**</td>
<td>6/6</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Delfin L. Lazaro</td>
<td>April 11, 2016</td>
<td>7</td>
<td>7/7</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>Antonino T. Aquino</td>
<td>April 11, 2016</td>
<td>7</td>
<td>7/7</td>
<td>100%</td>
</tr>
<tr>
<td>Member</td>
<td>John Eric T. Francia</td>
<td>April 11, 2016</td>
<td>7</td>
<td>6/7</td>
<td>86%</td>
</tr>
<tr>
<td>Independent</td>
<td>Sherisa P. Nuesa</td>
<td>April 11, 2016</td>
<td>7</td>
<td>7/7</td>
<td>100%</td>
</tr>
<tr>
<td>Independent</td>
<td>Jose L. Cuisia Jr.</td>
<td>April 11, 2016</td>
<td>7</td>
<td>7/7</td>
<td>100%</td>
</tr>
<tr>
<td>Independent</td>
<td>Oscar S. Reyes</td>
<td>April 11, 2016</td>
<td>7</td>
<td>7/7</td>
<td>100%</td>
</tr>
<tr>
<td>Independent</td>
<td>Jaime C. Laya</td>
<td>April 11, 2016</td>
<td>7</td>
<td>6/7</td>
<td>86%</td>
</tr>
<tr>
<td>Member</td>
<td>Victoria P. Garchitorena</td>
<td>April 11, 2016</td>
<td>7</td>
<td>7/7</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Including the Meeting of the Non-Executive Directors

**As an Executive Director, Mr. Gerardo C. Ablaza, Jr. was not a party to the meeting of the Non-Executive Directors.

3) **Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?**

Yes. On **April 17, 2017**, immediately after the organizational meeting of the Board of Directors, the non-executive directors held a separate meeting, without Mr. Ferdinand M. dela Cruz, appointed President and CEO on the same day, and the sole executive director of the Company.

**On April 11, 2016**, immediately after the organizational meeting of the Board of Directors, the non-executive directors held a separate meeting.

4) **Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.**

Yes. Section 4.2.1 of the Charter of the Board provides that the minimum quorum requirement for Board decisions is set at two-thirds (2/3) of the Board members. In particular, Section 4.2.1 provides:

“4.2.1 At least two-thirds (2/3) of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except as may have been provided in contracts binding on the Corporation, and except for the election of officers which shall require the vote of a majority of all the members of the Board. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum is had.”

83
5) **Access to Information**

(a) **How many days in advance are board papers**[^169] **for board of directors meetings provided to the board?**

The Company provides the board papers to the members of the board at least five (5) working days before the scheduled meeting.

Section 4.1.5 of the amended Charter of the Board specifically requires that “[T]he materials for the meetings shall be given to each Director at least five (5) working days prior to the intended meeting to give the Directors sufficient time to prepare for the meeting and to raise any concern on the materials.” This was approved by the Board during their regular meeting held on August 11, 2016. The same standard is being applied to materials for Board committee meetings.

(b) **Do board members have independent access to Management and the Corporate Secretary?**

Yes. The Manual of Corporate Governance states that members of the board should be given independent access to the management and the corporate secretary.[^170] Accordingly, members of the board may make further inquiries as regards the operations and affairs of Company to enable them to properly perform their duties and responsibilities.[^171]

This is consistent with the principle that the Board oversees the management of the Company and provides directions towards the formulation of a sound corporate strategy.[^172] In this connection, the management is also obligated to provide the Board with complete, adequate and timely information on the operations and affairs of the Company.[^173] In practice, the members of the Board of the Company do actually and directly refer their queries and concerns to the Management and the Corporate Secretary.

(c) **State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.?**

The Corporate Secretary shall ensure that the Board and management follow internal and external rules and regulations, and facilitate clear communications between the Board and management. The Office of the Corporate Secretary, in coordination with the Compliance Officer, shall be the forerunner of the Corporation in championing corporate governance practices and policies.

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[^169]: Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

[^170]: Article V, Section 5.1, page 27

[^171]: Ibid.

[^172]: Manual of Corporate Governance, Article I, Section 1.1, page 7

[^173]: Manual of Corporate Governance, Article VIII, Section 8.2, page 37
Upon assumption of office, a director appointed for the first time shall undergo a corporate orientation program to be conducted by the Office of the Corporate Secretary. The Corporate Secretary shall prepare the curriculum for the corporate orientation program. The curriculum of the corporate orientation program shall contain as a minimum, a topic on the operations of the Corporation and the applicable legal framework thereto, and relevant contracts of the Corporation, if any, as well as the existing policies, rules and regulations of the Corporation, such as but not limited to: the Code, the Manual, the Charters of the Board and the Board Committees, corporate governance framework, enterprise risk management, and corporate communications. The curriculum of the orientation program shall be revised as often as necessary to include other subjects and matters relating to the Corporation. In addition to the corporate orientation program for new directors, the Office of the Corporate Secretary shall inform the Board of any updates on the matters covered by the orientation program. The updates can be given during the regular meetings of the Board.

The Charter of the Corporate Secretary provides that the Corporate Secretary has the following specific functions:

a. Adviser to the directors on their functions, responsibilities and obligations.

b. Responsible for the safekeeping and preservation of the integrity of the minutes of meetings of the stockholders, the Board, the Executive Committee, and all other committees, as well as all other official records of the Corporation.

   He shall furnish copies thereof to the Chairman, the President and other members of the Board as appropriate.

c. Work fairly and objectively with the Board, management and stockholders.

d. Custodian of the seal of the Corporation and with authority to affix it to any instrument requiring the same.

e. Custodian of the stock certificate book and such other books and papers as the Board may direct.

f. Attend to the giving and serving of notices of Board and shareholder meetings.

g. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

h. Be fully informed and be part of the scheduling process of other activities of the Board.

i. Attend all Board meetings, except when justifiable causes prevent him from doing so. For this purpose, the Board shall have discretion of determining what causes are justifiable.

j. Ensure that all Board procedures, rules and regulations are strictly followed by the members.

k. Prepare an annual schedule of board meetings and the agenda of meetings, and put the Board on notice of such agenda at every meeting.

l. Oversee the adequate flow of information to the Board prior to meetings.

m. Ensure fulfillment of disclosure requirements to the SEC and the PSE.

The Corporate Secretary shall have such other responsibilities as the Board of Directors may impose upon him.

Under the Charter of the Corporate Secretary and the Manual, the Corporate Secretary shall be a resident and citizen of the Philippines. He must possess organizational and interpersonal skills, the legal skills of a chief legal officer and the following additional qualifications:

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174 Manual of Corporate Governance, Article I, Section 1.10, page 10; Charter of the Board, Section 2.2.7
175 Ibid.
a. Loyalty to the mission, vision and objectives of the Corporation;
b. Possession of and/or working knowledge of the operations of the Corporation;
c. Knowledge of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
d. Possession of appropriate administrative and interpersonal skills; and
e. Trained in legal, accountancy or corporate secretarial practices.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The Corporate Secretary of the Company, Atty. Solomon M. Hermosura, is a lawyer by profession, a member of the Integrated Bar of the Philippines in good standing, and a bar examinations toptnotcher. Moreover, he has the necessary experience and skills in legal and corporate secretarial practices. He also has knowledge of accounting principles and can readily apply it in the performance of his duties as Corporate Secretary.

In sum, the Corporate Secretary of the Company has all the qualifications required under the Charter of the Corporate Secretary and the Manual, to wit:

a. Loyalty to the mission, vision and objectives of the Corporation;
b. Possession of and/or working knowledge of the operations of the Corporation;
c. Knowledge of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
d. Possession of appropriate administrative and interpersonal skills; and
e. Trained in legal, accountancy or corporate secretarial practices.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Details of the procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>The members of the Executive Committee are provided in advance by the Office of the Corporate Secretary with the agenda of the meeting and information on the matters to be discussed during the meetings. The members of the Committee are free to communicate with the Office of the Corporate Secretary for additional information regarding the meeting.</td>
</tr>
</tbody>
</table>
As a general rule, Committee meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given by any customary means of communication such as electronic mail, in writing, by telephone, by telefax and other similar means. The notice shall specify the time and place of the meeting and include a detailed agenda. The materials of the meetings shall be given to each member of the Committee at least five (5) working days prior to the intended meeting, except as otherwise provided herein.\(^\text{176}\)

The Committee shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.\(^\text{177}\)

The Corporate Secretary, the management and all personnel of the Corporation shall provide assistance and support to the Committee.\(^\text{178}\)

The Committee may also invite such members of management and other resource persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.\(^\text{179}\)

All resources necessary for the Committee to perform its duties and functions shall be provided by the Corporation, at its expense.\(^\text{180}\)

<table>
<thead>
<tr>
<th>Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>The members of the Audit Committee are provided by the Office of the Corporate Secretary or Internal Audit Department of the Company in advance with the agenda of the meeting and information on the matters to be discussed during the meetings.</td>
</tr>
<tr>
<td>The members of the Committee are free to communicate with the Office of the Corporate Secretary for additional information regarding the meeting.</td>
</tr>
<tr>
<td>The Internal Audit (IA) of the Company shall support the Committee in the rendition of its functions, specifically(^\text{181}):</td>
</tr>
<tr>
<td>i. IA shall provide all the secretariat support to the Committee.</td>
</tr>
</tbody>
</table>

\(^{176}\) Charter of the Executive Committee, Section 3.1 (b).
\(^{177}\) Charter of the Executive Committee, Section 5.1.
\(^{178}\) Charter of the Executive Committee, Section 5.2.
\(^{179}\) Ibid.
\(^{180}\) Ibid.
\(^{181}\) Charter of the Audit Committee (H)
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ii.</td>
<td>The Chief Audit Executive (CAE) shall attend all the Committee meetings and ensure that a legal officer records the minutes of the meetings.</td>
</tr>
<tr>
<td>iii.</td>
<td>IA shall keep all minutes of the meetings and make these available for inspection by any member of the Committee or the Board of Directors, as and when requested.</td>
</tr>
<tr>
<td>iv.</td>
<td>IA shall review all papers for submission to the Committee, including any proposals from management before these are submitted to the Committee for approval. If there are unresolved differences in opinion on any proposal between the proponent and IA, these shall be highlighted to the Committee for consideration and decision.</td>
</tr>
</tbody>
</table>

### Nomination Committee

The members of the Nomination Committee are provided by the Office of the Corporate Secretary in advance with the agenda and information on the matters to be discussed during the meetings.

The members of the Committee are free to communicate with the Office of the Corporate Secretary for additional information regarding the meeting.

As a general rule, Committee meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given by any customary means of communication such as electronic mail, in writing, by telephone, by telefax and other similar means. The notice shall specify the time and place of the meeting and include a detailed agenda. The materials for the meetings shall be given to each member of the Committee at least five (5) working days prior to the intended meeting, except as otherwise provided herein.\(^\text{182}\)

The Committee shall have free and full access to all relevant information, data, records, properties and personnel of the Company.\(^\text{183}\)

The Corporate Secretary, the management and all personnel of the Corporation shall provide assistance and support to the Committee.\(^\text{184}\)

The Committee may also invite such members of management and other resource persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.\(^\text{185}\)

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\(^\text{182}\) Charter of the Nomination Committee, Section 3.1 (b)  
\(^\text{183}\) Charter of the Nomination Committee, Section 5.1  
\(^\text{184}\) Charter of the Nomination Committee, Section 5.2  
\(^\text{185}\) Ibid.
<table>
<thead>
<tr>
<th>Committee</th>
<th>All resources necessary for the Committee to perform its duties and functions shall be provided by the Corporation, at its expense.(^{186})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration Committee</td>
<td>The members of the Remuneration Committee are provided by the Office of the Corporate Secretary or the Corporate Human Resources Group of the Company in advance with the agenda and information on the matters to be discussed during the meetings.</td>
</tr>
<tr>
<td></td>
<td>The members of the Committee are free to communicate with the Office of the Corporate Secretary for additional information regarding the meeting.</td>
</tr>
<tr>
<td></td>
<td>As a general rule, Committee meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given by any customary means of communication such as electronic mail, in writing, by telephone, by telefax and other similar means. The notice shall specify the time and place of the meeting and include a detailed agenda. The materials for the meetings shall be given to each member of the Committee at least five (5) working days prior to the intended meeting, except as otherwise provided herein.(^{187})</td>
</tr>
<tr>
<td></td>
<td>The Committee shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.(^{188})</td>
</tr>
<tr>
<td></td>
<td>The Corporate Secretary, the Group Director for Corporate Human Resources Group, management and personnel of the Corporation shall provide assistance and support to the Committee.(^{189})</td>
</tr>
<tr>
<td></td>
<td>The Committee may also invite such members of management and other persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.(^{190})</td>
</tr>
<tr>
<td></td>
<td>All resources necessary for the Committee to perform its duties and functions shall be provided by the Corporation, at its expense.(^{191})</td>
</tr>
<tr>
<td>Related Party Transactions Committee</td>
<td>The members of the RPT Committee are provided by the Office of the Corporate Secretary of the Company in advance with the agenda and information on the matters to be discussed during the meetings.</td>
</tr>
</tbody>
</table>

\(^{186}\) Ibid.
\(^{187}\) Charter of the Remuneration Committee, Section 3.1 (b).
\(^{188}\) Charter of the Remuneration Committee, Section 5.1.
\(^{189}\) Charter of the Remuneration Committee, Section 5.2.
\(^{190}\) Ibid.
\(^{191}\) Ibid.
The members of the Committee are free to communicate with the Office of the Corporate Secretary for additional information regarding the meeting.

As a general rule, Committee meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given by any customary means of communication such as electronic mail, in writing, by telephone, by telefax and other similar means. The notice shall specify the time and place of the meeting and include a detailed agenda. The materials for the meetings shall be given to each member of the Committee at least five (5) working days prior to the intended meeting, except as otherwise provided herein.\(^{192}\)

The Committee shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.\(^{193}\)

The Corporate Secretary, the management and personnel of the Corporation shall provide assistance and support to the Committee.\(^{194}\)

The Committee may also invite such members of management and other persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.\(^{195}\)

All resources necessary for the Committee to perform its duties and functions shall be provided by the Company, at its expense.\(^{196}\)

<table>
<thead>
<tr>
<th>Board Risk Oversight Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same process as the other Board Committees. In addition, the Enterprise Risk and Insurance Management (ERIM) Department shall support the Committee in the performance of its functions, specifically:</td>
</tr>
<tr>
<td>• The ERIM Department shall provide all the secretariat support to the Committee.</td>
</tr>
<tr>
<td>• The Chief Risk Officer shall attend all the Committee meetings and ensure that the minutes of the meetings are properly recorded by a representative from the Office of the Corporate Secretary.</td>
</tr>
<tr>
<td>• The ERIM Department shall keep all minutes and records of the meetings, recorded and prepared by the Office of the Corporate Secretary and make these available for inspection by any member of the</td>
</tr>
</tbody>
</table>

\(^{192}\) Charter of the RPT Committee, Section 3.1 (b).

\(^{193}\) Charter of the RPT Committee, Section 5.1.

\(^{194}\) Charter of the Remuneration Committee, Section 5.2.

\(^{195}\) Ibid.

\(^{196}\) Ibid.
Committee or the Board, as and when requested.

- The ERIM Department shall review all papers for submission to the Committee, including any proposals from management before these are submitted to the Committee for approval. If there are unresolved differences in opinion on any proposal between the proponent and ERIM Department, these shall be highlighted to the Committee for consideration and decision.\(^\text{197}\)

- The Committee shall have reasonably free and full access to the Company’s data, records and properties, as well as information from employees, officers, directors or external parties that may be relevant in monitoring and assessing risk exposures and their implications to the Company.\(^\text{198}\)

| Corporate Governance Committee | The members of the CG Committee are provided by the Office of the Corporate Secretary of the Company in advance with the agenda and information on the matters to be discussed during the meetings. The members of the Committee are free to communicate with the Office of the Corporate Secretary for additional information regarding the meeting. As a general rule, Committee meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given by any customary means of communication such as electronic mail, in writing, by telephone, by telefax and other similar means. The notice shall specify the time and place of the meeting and include a detailed agenda. The materials for the meetings shall be given to each member of the Committee at least five (5) working days prior to the intended meeting, except as otherwise provided herein.\(^\text{199}\) The Committee shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.\(^\text{200}\) The Corporate Secretary, the management and personnel of the Corporation shall provide assistance and support to the Committee.\(^\text{201}\) The Committee may also invite such members of management and other persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.\(^\text{202}\) |

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\(^{197}\) Charter of the Board Risk Oversight Committee, Clause F
\(^{198}\) Charter of the Board Risk Oversight Committee, Clause G Section 4
\(^{199}\) Charter of the Corporate Governance Committee, Section 3.1 (b).
\(^{200}\) Charter of the Corporate Governance Committee, Section 5.1.
\(^{201}\) Charter of the Corporate Governance Committee, Section 5.2.
All resources necessary for the Committee to perform its duties and functions shall be provided by the Company, at its expense.  

6) **External Advice**

**Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:**

Yes. The directors can create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense, which expense shall be reasonable. Moreover, members of the Board are given independent access to the Management and the Corporate Secretary for making inquiries to enable them to properly perform their duties and responsibilities.

Pursuant to the foregoing, the Charter of the Board of Directors provide for the following procedures:

> "Section 7.1 Access to Information

The Board shall have free and full access to all relevant information, data, records, properties and personnel of the Company.

> Section 7.2 Technical Assistance

The Corporate Secretary, the management and all personnel of the Company shall provide assistance and support to the Committee.

The Board may also invite such members of management and other resource persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate. All resources necessary for the Board to perform its duties and functions shall be provided by the Company."

In addition, the Manual provides that: “The Company shall, as appropriate, provide independent directors with technical support staff to assist them in performing their duties. Independent directors may, when necessary, also request and receive support from executives, employees or external professional consultants such as auditors, advisers and counsel to perform such duties. The Company shall cover the reasonable expenses of providing such support.”

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202 Ibid.
203 Ibid.
204 Manual of Corporate Governance, Section 3.1, page 15
The Committees, under their respective charters, are also empowered to solicit the support and assistance of the management and independent experts to enable them to perform their duties and functions.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

As a general rule, policies of the Companies are formulated by the Senior Management, subject to the approval of the Board of Directors or pursuant to previous authorizations given by the Board or provided under the By Laws of the Corporation.

1. In its regular meeting held on June 8, 2017, the Board ratified and approved the new Manual of Corporate Governance of the Company, and the changes to the existing policies of the Company, pursuant to SEC Memorandum Circular No 19 Series of 2016. These changes include the appointment of a Lead Independent Director, the creation of a Corporate Governance Committee, and the amendments to the Charters of the Board Committees, the Code of Business Conduct and Ethics, the Policy on Related Party Transactions, and the Whistle Blower Policy.

2. In its special meeting held on May 18, 2017, the Executive Committee of the Board approved the new Manual of Corporate Governance of the Company, and the changes to the existing policies of the Company, pursuant to SEC Memorandum Circular No 19 Series of 2016.

3. In its organizational meeting held on April 17, 2017, the Board approved the Charter of the Related Party Transactions Committee.

4. In its regular meeting held on October 3, 2016, the Board approved the amendments to the Treasury Risk Management Policy of the Company.

5. In its regular meeting held on August 11, 2016, the Board approved the amendments to the Manual of Corporate Governance, Charter of the Board of Directors, and Board Committee Charters which were endorsed by the Audit and Governance Committee in its meeting held on August 4, 2016.

The amendments to the Manual include the transfer of the risk oversight function from the Audit Committee to the Board Risk Oversight Committee and the inclusion of Risk Committee and the Related Party Transactions Committee in the Board committees enumerated in the Manual.

The amendment to the Charter of the Board provides that the Board meeting materials shall be furnished to the members of the Board at least five (5) working days before the actual date of the meeting instead of five (5) calendar days as required in the ASEAN Corporate Governance Scorecard. On the other hand, the amendment to the Charters of the Board Committees pertains to the inclusion of a provision that committee meeting materials shall be provided to the members at least five (5) working days prior to the date of the intended meeting.
6. In its regular meeting held on February 26, 2016, the Board approved the Revised Audit and Governance Committee Charter which revisions pertain to the transfer of the risk oversight and management functions to the Risk Committee.

7. In its regular meeting held on August 11, 2015, the Board approved the creation of a Risk Committee, and in its meeting held on November 26, 2015, the Board approved the Charter of the Risk Committee. Under its Charter, the Risk Committee shall have the following authority, roles and responsibilities:

a. Promote an open discussion regarding risks faced by the Company, as well as risks faced by its subsidiaries that may have potential impact on the Company’ operations, and ensure that risk awareness culture is pervasive throughout the organization.

b. Ensure that an overall set of risk management policies and procedures exist for the Company.

c. Review the Company’s risk governance structure and the adequacy of the Company’s risk management framework / process.

d. Review and endorse to the Board changes or amendments to the Enterprise Risk Management (ERM) Policy.

e. Perform oversight functions specifically in the areas of managing strategic, financial, compliance, regulatory, operational and other risks of the Company, and crisis management.

f. In coordination with the Audit and Governance Committee, ensure that the Company’s internal audit work plan is aligned with risk management activities and that the internal control system considers all risks identified in the risk assessment process.

g. Perform other activities related to this Charter as requested by the Board.

The ERM policy notwithstanding, Management shall remain primarily responsible for the development, implementation, monitoring and reporting of the risk management framework, process and strategies intended to address the identified risks.

The adoption of the above changes in or new policies are in line with the Company’s efforts to further its corporate governance practices and implementation.

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

<table>
<thead>
<tr>
<th>Process</th>
<th>CEO</th>
<th>Top 4 Highest Paid Management Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Fixed remuneration</td>
<td>Achievement of Corporate Targets, Individual Performance, Industry Benchmark</td>
<td>Achievement of Corporate Targets, Individual Performance, Industry Benchmark</td>
</tr>
<tr>
<td>(2) Variable remuneration</td>
<td>Achievement of Corporate Targets, Individual Performance, Industry Benchmarks</td>
<td>Achievement of Corporate Targets, Individual Performance, Industry Benchmarks</td>
</tr>
</tbody>
</table>
2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company’s policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

The Board shall determine a level of remuneration for Directors that shall be sufficient to attract and retain directors and compensate them for attendance at meetings of the Board and Board Committees, and performance of numerous responsibilities and undertaking certain risks as a Board member. Pursuant to the Company By-Laws, the Board issued a resolution providing that each director shall receive a reasonable per diem allowance for his attendance at each meeting of the board. As compensation, the Board shall receive and allocate an amount of not more than 1% of the net income before income tax of the Company during the preceding year.

<table>
<thead>
<tr>
<th>Remuneration Policy</th>
<th>Structure of Compensation Packages</th>
<th>How Compensation is Calculated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td>Industry Practice</td>
<td>Industry Practice/By Laws</td>
</tr>
<tr>
<td>Non-Executive Directors</td>
<td>Industry Practice</td>
<td>Industry Practice/By Laws</td>
</tr>
</tbody>
</table>

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Yes. In the annual stockholders’ meeting held on April 11, 2011, the stockholders approved the following remuneration scheme for directors and members of board committees:

<table>
<thead>
<tr>
<th>Remuneration Scheme</th>
<th>Date of Stockholders’ Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retainer of P500,000.00 per member of the Board</td>
<td>April 11, 2011</td>
</tr>
</tbody>
</table>
P200,000.00 per member for every board or stockholders’ meeting actually attended | April 11, 2011
---
P50,000.00 per member for every committee meeting actually attended | April 11, 2011

The aforesaid remuneration scheme has not been revoked or amended.

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year (2016):

<table>
<thead>
<tr>
<th>Remuneration Item</th>
<th>Executive Directors*</th>
<th>Non-Executive Directors (other than independent directors)*</th>
<th>Independent Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Fixed Remuneration</td>
<td>PhP 500,000</td>
<td>PhP 3,000,000</td>
<td>PhP 2,000,000</td>
</tr>
<tr>
<td>(b) Variable Remuneration</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>(c) Per diem Allowance</td>
<td>PhP 1,450,000</td>
<td>PhP 8,800,000</td>
<td>PhP 6,950,000</td>
</tr>
<tr>
<td>(d) Bonuses</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>(e) Stock Options and/or other financial instruments</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>(f) Others (Specify)</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>PhP 1,950,000</td>
<td>PhP 11,800,000</td>
<td>PhP 8,950,000</td>
</tr>
</tbody>
</table>

* The Fixed Remunerations and Per Diem allowances for Gerardo C. Ablaza, Jr. (Executive Director), Fernando Zobel de Ayala, Jaime Augusto Zobel de Ayala, John Eric T. Francia and Delfin L. Lazaro were paid directly to Ayala Corporation.

<table>
<thead>
<tr>
<th>Other Benefits</th>
<th>Executive Directors</th>
<th>Non-Executive Director (other than independent directors)</th>
<th>Independent Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Advances</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>2) Credit granted</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>
3) Pension Plan/s Contributions

(d) Pension Plans, Obligations incurred

(e) Life Insurance Premium

(f) Hospitalization Plan

(g) Car Plan

(h) Others (Specify)

<table>
<thead>
<tr>
<th>Type</th>
<th>None</th>
<th>None</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>3) Pension Plan/s Contributions</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>(d) Pension Plans, Obligations incurred</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>(e) Life Insurance Premium</td>
<td>Company Wide Plan</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>(f) Hospitalization Plan</td>
<td>Company Wide Plan</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>(g) Car Plan</td>
<td>Company Wide Plan</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>(h) Others (Specify)</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

Total

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company’s Board of Directors who own or are entitled to stock rights, options or warrants over the Company’s shares:

As a policy, members of the Board are not entitled to stock rights, options or warrants over the Company’s shares. However, the following options were granted to the named directors when they were still officers of the Company.

Data as of June 30, 2017:

<table>
<thead>
<tr>
<th>Director’s Name</th>
<th>Number of Direct Option/Rights/ Warrants</th>
<th>Number of Indirect Option/Rights/ Warrants</th>
<th>Number of Equivalent Shares</th>
<th>Total % from Capital Stock*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gerardo C. Ablaza, Jr.</td>
<td>4,126,077</td>
<td>0</td>
<td>4,126,077</td>
<td>0.20088538%</td>
</tr>
<tr>
<td>Ferdinand M. dela Cruz</td>
<td>1,248,264</td>
<td>0</td>
<td>1,248,264</td>
<td>0.06077395%</td>
</tr>
<tr>
<td>Antonino T. Aquino</td>
<td>1,949,542</td>
<td>0</td>
<td>1,949,542</td>
<td>0.09491691%</td>
</tr>
<tr>
<td>Sherisa P. Nuesa (ID)</td>
<td>708,304</td>
<td>0</td>
<td>708,304</td>
<td>0.03448504%</td>
</tr>
</tbody>
</table>

*Common Shares Only
*These options were granted when these directors were still officers of the Company.
(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders’ Meeting:

There was no amendments or discontinuance of any incentive programs introduced during the period.

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

<table>
<thead>
<tr>
<th>Name of Officer/Position</th>
<th>Total Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luis Juan B. Oreta</td>
<td>PhP 109.75 Million</td>
</tr>
<tr>
<td>Virgilio C. Rivera Jr.</td>
<td></td>
</tr>
<tr>
<td>Geodino V. Carpio</td>
<td></td>
</tr>
<tr>
<td>Abelardo P. Basilio</td>
<td></td>
</tr>
<tr>
<td>Rodell A. Garcia</td>
<td></td>
</tr>
</tbody>
</table>

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Executive Director (ED)</th>
<th>Non-executive Director (NED)</th>
<th>Independent Director (ID)</th>
<th>Committee Charter</th>
<th>Functions</th>
<th>Key Responsibilities</th>
<th>Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>YES</td>
<td>Refer below</td>
<td>Refer below</td>
<td>Refer below</td>
</tr>
<tr>
<td>Audit</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>YES</td>
<td>Refer below</td>
<td>Refer below</td>
<td>Refer below</td>
</tr>
<tr>
<td>Nomination</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>YES</td>
<td>Refer below</td>
<td>Refer below</td>
<td>Refer below</td>
</tr>
</tbody>
</table>
The Executive Committee

The Board shall appoint from among its members an Executive Committee composed of five (5) members. The Board shall designate the Chairman of the Executive Committee.

The Executive Committee is authorized to act, and shall act, on matters within the competence of the Board of Directors, except with respect to --

a. approval of any action for which shareholders’ approval is also required;
b. the filling of vacancies on the Board;
c. the amendment or repeal of By-Laws or the adoption of new By-Laws;
d. the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and

e. the distribution of cash dividends;

The attendance of at least four (4) members of the Executive Committee shall constitute a quorum but the majority vote of all members shall be necessary to carry an act or resolution of the Committee. An act of the Executive Committee which is within the scope of its powers shall not require ratification or approval by the Board for its validity and effectivity. However, any such act shall be subject to revision or alteration by the Board.

The Committee shall perform such other functions as may be properly delegated to it by the Board.

The Committee shall be guided by the Company’s mission and vision in the fulfilment of its functions.

The Audit Committee

There shall be an Audit Committee composed of four (4) non-executive directors as members, majority of whom shall be independent directors. An independent director shall chair the Audit Committee who shall not be the Chairman of the Board and any other committee.

At present, the Audit Committee has three (3) independent directors among its four (4) members, including the Chairman.
Each member shall have an adequate understanding of accounting and auditing principles in general and of the Company’s financial management systems and environment in particular. One of the independent directors, Director Jaime C. Laya, is a Certified Public Accountant.

The Audit Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of the Company.

In fulfilling their oversight responsibility, the Committee shall have the following duties and responsibilities:

I. **With respect to the integrity of the financial statements and the financial reporting process**
   The Committee shall:
   i. Review of the financial statements and all related disclosures and reports certified by the Chief Finance Officer (CFO) and released to the public and/or submitted to the Philippine Securities and Exchange Commission for compliance with both the internal financial management handbook and existing financial accounting standards, legal and regulatory requirements;
   ii. Review of the quarterly, mid-year and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, alternative accounting treatments and significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, tax, legal, and stock exchange requirements;
   iii. Ensure that a transparent financial management system is established to ensure the integrity of internal control activities throughout the organization;
   iv. Maintain at international standards, the Company’s accounting and auditing processes, practices and methodologies, and ensure that:
      a. The accounting system of the Company is compliant with the current and existing financial accounting standards.
      b. An accountability statement is in place that specifically identifies officers and/or personnel directly responsible for the accomplishment of such task;
   v. Review and approve management representation letter before the same is submitted to the independent auditor;
   vi. Communicate with the Company’s legal officer/s or counsel/s regarding litigations, claims, contingencies or other significant legal issues that may have an impact on the financial standing of the Company; and
   vii. Provide strategic policies and guidelines to the Company on major capital expenditures and key investments. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies;

II. **With respect to the effectiveness of the system of internal control**
   The Committee shall:
   i. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Company through a procedures and policies handbook that will be used by the entire organization;
ii. Consider and discuss with management, the internal auditors and the independent auditors, the major issues as to the adequacy and effectiveness of the Company’s internal control system, including internal financial controls, operational and compliance controls, information technology security and controls, and any special audit steps adopted in light of material deficiencies;

iii. For significant control weaknesses identified, the Audit Committee may request the management to explain the impact and the actions taken to rectify the identified control weaknesses;

iv. Ensure the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system; and

v. Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same.

III. **With respect to Internal Audit**

   The Committee shall:

   i. Review and approval of the Internal Audit Charter and subsequent revisions thereto.

   ii. Set up the Internal Audit Activity (“IAA”), including the appointment and removal of the CAE. The Committee shall establish and identify the reporting line of the CAE so that the reporting levels allow the IAA to fulfill its responsibilities. The Committee, having appointed the CAE, shall also concur in his/her replacement, re-assignment or dismissal.

   iii. Ensure that the Internal Auditors have free and full access to all Corporation’s records, properties and personnel relevant to and required by its function and that the IAA shall be free from interference in determining its scope, performing its work and communicating its results. The CAE must disclose such interference to the board and discuss the implications. *(New Standards - ISPPIA 1110.A1)*

   iv. Approve the Annual Internal Audit Work Plan and all deviations therefrom, ensure that the audit resources are reasonably allocated to the areas of higher risk.

   v. Review reports of the IAA and regulatory agencies, where applicable, ensure that management is taking appropriate and corrective actions in a timely manner, including addressing internal control and compliance issues.

   vi. Review of the IAA’s periodic reports and the IAA Annual Report. Periodic reports shall highlight the status of projects in accordance with the audit plan approved by the Committee, as well any unplanned projects. Such reports shall include a summary of key findings and recommendations, including the status of implementation. The Annual Report shall discuss the IAA’s activities and performance relative to the audit plans and strategies approved by the Committee.

   vii. Conduct separate meetings with the President to discuss any matter that the Committee or the auditors may deem necessary to be discussed privately.

   viii. Provide inputs on the performance of the IAA and communicate/discuss such inputs with the President who shall then translate these into a performance appraisal applicable to the CAE and the Internal Auditors taken as a whole.

   ix. As necessary, institute special investigations and, if appropriate, hire of special counsel or experts to provide the necessary assistance.

   x. Monitor the assessment of IAA in determining whether the information technology governance of the organization sustains and supports the organization’s strategies and objectives. *(ISPPIA 2110.A2)*
xi. Provide inputs on the IAA’s evaluation of the potential occurrence of material errors and fraud. IAA should inform the Committee how the organization manages fraud risk. The Committee shall determine the sufficiency of the risk controls applied in the Company for the occurrence of such material errors and fraud and provide inputs and/or guidance on how to improve the same. *(ISPPIA 2120.A2)*

xii. The Committee shall report to the Board any material error or fraud it may have found on its own or through the evaluation conducted by the IAA related to the business of the Company, particularly in financial reporting, and recommend appropriate actions to be taken by the Board to correct the same.

xiii. Provide and approve the limits of IAA’s responsibility in assisting the management in establishing and improving risk management process. IAA must refrain from assuming management responsibility by actually managing risks. *(ISPPIA 2120.C3)*

xiv. Oversee that IAA will only state that their engagements are “conducted in conformance with the International Standards for the Professional Practice of Internal Auditing”, is appropriate only if the results of the quality assurance and improvement program support such a statement. *(ISPPIA 2430)*

xv. Review and evaluate IAA’s evaluation of the Company’s internal controls including Information Technology systems and functions;

xvi. Ensure that management employs the services of internal auditors who are compliant with all qualification requirements of existing regulations, if any, and/or have sufficient experience and expertise in the performance of internal audit functions and that the performance of the internal auditor’s functions are in compliance with international standards on the Practice of Internal Auditing;

xvii. Determine the propriety of keeping an in-house audit function as compared to outsourcing. The Committee shall make the appropriate recommendation to the Board should it determine that the internal audit function should be outsourced; and

xviii. Review internal audit plans, including audit scope, resources and budget necessary to implement it, to ensure its conformity with the objectives of the Company.

IV. With respect to External Audit/Independent Auditor
The Committee shall:

i. Recommend the appointment and removal of the Independent Auditors, duly accredited by the Securities and Exchange Commission (SEC), and the fixing of their compensation to the Board and ensure that the rotation process of the auditors of the external auditors of the firm engaged is enforced.

ii. Ensure that the external auditors comply with relevant and applicable auditing standards.

iii. Prior to commencement of the audit, discuss with the External auditor the nature, scope and expenses of the audit and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. *(based on the updated Code of Corporate Governance from SEC-November 2016)*
iv. Review and pre-approve the Independent Auditor’s plans to understand the basis for their risk assessment and financial statement materiality including the scope and frequency of the audit, and ensure cooperation when more than one professional service firm is needed.

v. Monitor the coordination efforts of the external and internal auditors.

vi. Review the reports of the Independent Auditors and regulatory agencies, where applicable. Ensure that management is taking appropriate corrective actions in a timely manner, including addressing control and compliance issues.

vii. Conduct a separate meeting in executive session, with the external auditors to discuss any matter that the committee or auditors believe should be discussed privately, including the results of the audit, year-end financial statements, the quality of management, financial and accounting controls.

viii. Review and approve the proportion of audit versus non-audit work both in relation to their significance to the auditor and in relation to the Company’s year-end financial statements, and total expenditure on consultancy, to ensure that non-audit work will not be in conflict with the audit functions of the independent auditor. The Audit Committee should disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to independence. The non-audit work, if allowed, should be disclosed in the Company’s Annual Report and Annual Corporate Governance Report. (based on the updated Code of Corporate Governance from SEC - November 2016)

ix. Evaluate the internal control issues that have been raised by the independent auditor.

x. Communicate with the external auditors of the Company within a reasonable period of time after the completion of the independent audit and to discuss any material findings on the Company relating to critical policy weaknesses, the external auditor’s observation on the Company’s internal controls, audit adjustments, alternative treatments, the independent auditor’s independence and limitations on the audit that may have been imposed by management and other material issues that affect the integrity and accuracy of the Company’s financial reporting;

xi. Evaluate the performance of the external auditor and to ensure that the same performs its functions in compliance with the relevant and applicable auditing standards; and

xii. Understand and evaluate disagreements between the external auditors and management and make the appropriate recommendation to the Board for redress of the matter.

V. With respect to the compliance with applicable legal and regulatory requirements
The Committee shall:

i. Formulate a clear communication and disclosure strategy to promptly and regularly communicate with the regulators and the Company's shareholders and other stakeholders on matters of importance;

ii. Identify the sectors in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;

iii. Make an assessment of the correspondence between the Company and its regulators regarding financial statement filings and disclosures;

iv. Evaluate and monitor compliance with the Company’s policy in detection of fraud and whistle-blower program;

v. Evaluate compliance with the Company’s Code of Conduct and Ethics; and
vi. Creation of procedures for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, subject only to reasonableness of expense.

In the fulfillment of the foregoing duties and responsibilities, the Committee shall maintain a free and open communication with the Company’s independent auditors, the internal auditors and the management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all records, books of accounts, facilities and personnel of the company and the power to retain outside counsel or other experts for this purpose.

Furthermore, the Committee may rely upon the expertise and knowledge of Management, the Internal Auditors and Independent Auditors in the fulfillment of its responsibilities.

The independent Auditors are responsible to the Committee in helping ensure the integrity of the financial statements while the Internal Auditors help the Committee identify the risks, control and financial reporting issues through the continuous review of the effectiveness of the organization’s risk management, financial reporting and controls.

The Nomination Committee

The Nomination Committee shall be composed of at least three (3) members, majority of whom shall be independent directors. The Board will designate the Chairman of the Committee who must be an independent director.

At present, the Nomination Committee of Manila Water has three (3) members, all of whom are independent directors including the Chairman.

The Committee shall have the following powers, duties and responsibilities:

(a) Establish and maintain a process to ensure that all candidates/nominees to be nominated for election as directors at the Annual Stockholders’ Meeting are qualified in accordance with the By-laws, Manual of Corporate Governance and relevant laws, rules and regulations.

(b) Encourage the selection of a mix of competent directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

(c) Review and evaluate the qualifications of persons nominated to positions in the Company which require appointment by the Board, and provide guidance and advice as necessary for the appointments of persons nominated to other positions.

(d) Review and revise if necessary, the succession plans for members of the Board and officers from Group Directors to the President/CEO.

(e) Provide assessment on the Board's effectiveness in directing the process of renewing and replacing Board members and in appointing officers or advisors and develop, update as necessary and recommend to the Board policies for considering nominees for directors, officers or advisors.
(e) Discharge any other duties and responsibilities delegated to the Committee by the Board from time to time.

The Committee shall be guided by the Company’s mission and vision in the fulfillment of its functions.

All nominees for election in the following offices shall be referred to the Nomination Committee for evaluation of their qualifications:

(a) Board of Directors;
(b) President and Chief Executive Officer
(c) Chief Finance Officer or Treasurer
(d) Group Directors or Vice President level
(e) Corporate Secretary
(f) Assistant Corporate Secretary
(g) Other executive officers of the Company whose appointments are required to be submitted to the Board for approval

The Committee shall not endorse a nominee for appointment by the Board unless it has determined that all nominees have all the qualifications and none of the disqualifications for the position.

**The Remuneration Committee**

The Remuneration Committee shall be composed of at least three (3) members, a majority of whom shall be independent director. The Board will designate the Chairman of the Committee who must be an independent director.

At present, the Remuneration Committee of Manila Water has four (4) members, three (3) of whom are independent directors. The Chairman is an independent Director.

The Committee shall have the following powers, duties and responsibilities, in addition to those specified in the Manual of Corporate Governance:

(a) Develops and improves the policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company’s culture, strategy and the business environment in which it operates;
(b) Determines and approves all matters relating to the remuneration and benefits of the Board, the Management and the employees of the Company;
(c) Evaluates and recommends for Board approval the pertinent guidelines on executive and employee compensation, including non-monetary remuneration;
(d) Periodically reviews and evaluates the policy on remuneration in order that it be in a sufficient level to attract and retain directors and key officers of the Company;
(e) Ensures that any director shall not decide his own remuneration during his incumbent term;
(f) Provide in the Company’s Required Reportorial Requirements, a clear, concise and understandable disclosure of all compensation that may be paid to its directors and key officers during the preceding fiscal year; and

(g) Reviews and provide guidelines on the existing employee policies to strengthen provisions on conflict of interest, compensation and benefit policies, promotion and career advancement and compliance with all regulatory policies.

No member of the Committee will act to fix his or her own compensation except for uniform compensation to directors for their services as a director.

The Related Party Transaction Committee

The Committee shall be composed of three (3) non-executive directors as members, two (2) of whom shall be independent. The Board shall designate the Chairman of the Committee, who shall be an independent director, and may, from time to time, increase the membership of the Committee and appoint additional members therein. At present, the RPT Committee of Manila Water has three (3) members, all of whom are independent directors including the Chairman.

The Committee shall be tasked with reviewing all material related party transactions (RPTs) of the Company and for this purpose shall have the following powers, duties and responsibilities:

(a) Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;

(b) Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:

(i) The related party’s relationship to the Company and interest in the transaction;

(ii) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;

(iii) The benefits to the Company of the proposed RPT;

(iv) The availability of other sources of comparable products or services; and

(v) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs

(c) Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company’s RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include
information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company’s affiliation or transactions with other related parties;

(d) Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

(e) Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and

(f) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and

(g) Adopts, implements and continuously monitors policies and procedures that will ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board as well as other unusual or complex transactions.

The Committee shall perform such other functions as may be properly delegated to it by the Board.

The Committee shall refer the resolution of matters to the Board Committee that has the authority or competence to act on those matters in accordance with their respective Charters.

The Committee shall be guided by the Company’s mission and vision in the fulfillment of its functions.

**The Board Risk Oversight Committee**

The Board Risk Oversight Committee shall be comprised of at least four (4) members of the Board, majority of whom shall be independent directors of the Company. The Board shall designate one member, who must be an independent director, to serve as the Committee Chairman who should not be the Chairman of the Board or any other committee.

The Board shall appoint the Committee members at its annual organizational meeting. Membership shall be reviewed annually, subject to the approval of the Board.

The Committee shall have the following authority, roles and responsibilities, in addition to those enumerated in the Manual of Corporate Governance of the Company:

a. Promote an open discussion regarding risks faced by the Company, as well as risks faced by its subsidiaries that may have potential impact on the Company’s operations, and ensure that risk awareness culture is pervasive throughout the organization.

b. Ensure that an overall set of risk management policies and procedures exist for the Company.

c. Review the Company’s risk governance structure and the adequacy of the Company’s risk management framework / process.
d. Review and endorse to the Board changes or amendments to the Enterprise Risk Management (ERM) Policy.

e. Perform oversight functions specifically in the areas of managing strategic, financial, compliance, operational and other risks of the Company, and crisis management.

f. In coordination with the Audit Committee, ensure that the Company’s internal audit work plan is aligned with risk management activities and that the internal control system considers all risks identified in the risk assessment process.

g. Perform other activities related to this Charter as requested by the Board.

This policy notwithstanding, Management shall remain primarily responsible for the development, implementation, monitoring and reporting of the risk management framework, process and strategies intended to address the identified risks.

**The Corporate Governance Committee**

The Committee shall be composed of three (3) members, all of whom shall be independent directors including the Chairman.

The Board shall designate the Chairman of the Committee, who shall be an independent director, and may, from time to time, increase the membership of the Committee and appoint additional members therein.

The Committee shall be tasked with assisting the Board in the performance of its corporate governance responsibilities and for this purpose shall have the following powers, duties and responsibilities:

a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company’s size, complexity and business strategy, as well as its business and regulatory environments;

b. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

d. Develops and recommends corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

e. Proposes and plans relevant corporate governance trainings for the members of the Board;

f. Reviews conflict-of-interest situations and provides appropriate remedial measures for the same;

g. Formulates a clear communication and disclosure strategy to promptly and regularly communicate with the regulators and the Company’s shareholders and other stakeholders on matters of importance;

h. Monitors and assesses the Company’s compliance with laws, rules and regulations relating to corporate governance policies;

i. Evaluates and monitors compliance with the Company’s policy in detection of fraud and whistle-blower program; and

j. Evaluates and monitors compliance with the Company’s Code of Business Conduct and Ethics.
2) Committee Members

(a) Executive Committee

For the year 2017 (as of June 30, 2017)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (NED)</td>
<td>Fernando Zobel de Ayala</td>
<td>April 17, 2017</td>
<td>3</td>
<td>3</td>
<td>100%</td>
<td>20</td>
</tr>
<tr>
<td>Vice Chairman (ED)</td>
<td>Gerardo C. Ablaza, Jr.</td>
<td>April 17, 2017</td>
<td>3</td>
<td>3</td>
<td>100%</td>
<td>8</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Ferdinand M. dela Cruz*</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Antonino T. Aquino</td>
<td>April 17, 2017</td>
<td>3</td>
<td>3</td>
<td>100%</td>
<td>19</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>John Eric T. Francia</td>
<td>April 17, 2017</td>
<td>3</td>
<td>3</td>
<td>100%</td>
<td>7</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Sherisa P. Nuesa*</td>
<td>April 11, 2016</td>
<td>2</td>
<td>1</td>
<td>50%</td>
<td>3</td>
</tr>
</tbody>
</table>

*At the Organizational Meeting of the Board held on April 17, 2017, after the ASM, Ms. Nuesa was replaced by Mr. Ferdinand M. Dela Cruz as member of the Executive Committee.

For the year 2016 (as of December 31, 2016)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (NED)</td>
<td>Fernando Zobel de Ayala</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>19</td>
</tr>
<tr>
<td>Vice Chairman (ED)</td>
<td>Gerardo C. Ablaza, Jr.</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>7</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Sherisa P. Nuesa</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Antonino T. Aquino</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>18</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>John Eric T. Francia</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>6</td>
</tr>
</tbody>
</table>

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205 Date of last appointment  
206 Reckoned from the date of original appointment  
207 Date of last appointment  
208 Reckoned from the date of original appointment
(b) Audit Committee

For the year 2017 (as of June 30, 2017)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Oscar S. Reyes</td>
<td>April 17, 2017</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>5</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jaime C. Laya</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Gerardo C. Ablaza, Jr.*</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Victoria P. Garchitorena*</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jose L. Cuisia Jr.</td>
<td>April 17, 2017</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>5</td>
</tr>
</tbody>
</table>

*At the Organizational Meeting of the Board held on April 17, 2017, after the ASM, Ms. Garchitorena was replaced by Mr. Gerardo C. Ablaza, Jr. as member of the Audit Committee.

For the year 2016 (as of December 31, 2016)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Oscar S. Reyes</td>
<td>April 11, 2016</td>
<td>4</td>
<td>4</td>
<td>100%</td>
<td>5</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jaime C. Laya</td>
<td>April 11, 2016</td>
<td>4</td>
<td>4</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Victoria P. Garchitorena</td>
<td>April 11, 2016</td>
<td>4</td>
<td>4</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jose L. Cuisia Jr.</td>
<td>April 11, 2016</td>
<td>4</td>
<td>4</td>
<td>100%</td>
<td>5</td>
</tr>
</tbody>
</table>

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209 Date of last appointment
210 Reckoned from the date of original appointment
211 Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
212 Date of last appointment
213 Reckoned from the date of original appointment
214 Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
Disclose the profile or qualifications of the Audit Committee members.

OSCAR S. REYES

Independent Director
Chairman, Audit Committee
Member, Remuneration Committee
Member, Nomination Committee
Member, Board Risk Oversight Committee
Filipino, 70 years old

Education and Training:
- Bachelor of Arts degree in Economics, Cum Laude, Ateneo de Manila University
- Post-Graduate studies at the Ateneo Graduate School of Business, Waterloo Lutheran University and the Harvard Business School.

Membership in the Board of Listed Companies:
- Manila Water Company, Inc. (Ayala Group)
- Bank of the Philippine Islands (Ayala Group)
- Manila Electric Company
- Philippine Long Distance Telephone Company
- Pepsi Cola Products (Philippines), Inc.
- Basic Energy Corporation
- Cosco Capital, Inc.

Membership in the Board of Non-Listed Companies:
- PLDT Communications & Energy Ventures, Inc.
- Sun Life Financial Plans, Inc.
- Sun Life Prosperity Dollar Advantage Fund, Inc.
- Sun Life Prosperity Dollar Abundance Fund, Inc.
- Sun Life Prosperity GS Fund, Inc.
- Sun Life of Canada Prosperity Bond Fund, Inc.
- Sun Life Prosperity Money Market Fund, Inc.
- Sun Life Prosperity Dynamic Fund, Inc.
- Grepalife Fixed Income Fund Corporation

\(^{215}\) Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
• Grepalife Dollar Bond Fund Corporation
• Grepalife Bond Fund Corporation
• Petrolift, Inc.
• Eramen Minerals Inc.
• Meralco PowerGen Corporation
• Meralco Industrial Engineering Services Corporation (MIESCOR)
• CIS Bayad Center
• Meralco Energy, Inc. (MEI)
• Redondo Peninsula Energy, Inc.
• PacificLight Pte. Ltd.
• MRail, Inc.
• Republic Surety & Insurance Corporation
• Calamba Aero Power Corporation
• Clark Electric Development Corporation
• One Meralco Foundation, Inc.
• Pilipinas Shell Foundation, Inc.
• El Nido Foundation, Inc.
• SGV Foundation

Positions in Other Organizations and Corporations:
• Member of the Advisory Board of the Philippine Long Distance Telephone Company (PLDT)
• Member of the Advisory Board and Independent Director of BPI
• President and CEO of Meralco
• President of Meralco PowerGen Corporation
• Chairman of MIESCOR, CIS Bayad Center, MEI, Redondo Peninsula Energy, Inc., PacificLight Pte., Ltd. and MRail, Inc.
• Chairman and Independent Director of Pepsi Cola Products Phils. Inc.
• Vice Chairman of One Meralco Foundation, Inc.
• Member of the Board of Directors/Trustees of Pilipinas Shell Foundation, Inc., El Nido Foundation, Inc., SGV Foundation and PLDT Communications & Energy Ventures Inc.

Mr. Reyes served as Country Chairman of the Shell Companies in the Philippines and concurrently President of Pilipinas Shell Petroleum Corporation and
Managing Director of Shell Philippines Exploration B.V.

**JOSE L. CUISIA JR.**

*Independent Director*\(^{216}\)

*Chairman, Nomination Committee*

*Chairman, Remuneration Committee*

*Member, Audit Committee*

*Member, Related Party Transaction Committee*

*Member, Board Risk Oversight Committee*

*Member, Corporate Governance Committee*

*Filipino, 72 years old*

Education and Training:
- AB-BSC degrees, Magna Cum Laude, De La Salle University
- MBA degree, University of Pennsylvania (University Scholar)

Membership in the Board of Directors of Listed Companies:
- Manila Water Company, Inc. (Ayala Group)
- SM Prime Holdings
- PHINMA Corporation
- Century Properties Group, Inc.

Membership in the Board of Other Organizations and Corporations:
- PHINMA, Inc.
- AIG Shared Services
- The Covenant Car. Co.
- FWD Insurance Philippines
- Asia Breast Center, Inc.
- Five J’s Diversified
- Adlemi Properties
- JVC Holdings Corp.

Mr. Cuisia was Philippine Ambassador Extraordinary and Plenipotentiary to the United States of America and non-resident Ambassador to Trinidad &

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\(^{216}\)Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
Tobago, the US Virgin Islands, Grenada, Puerto Rico, the Commonwealth of Jamaica and the Republic of Haiti, Antigua & Barbuda, Barbados, the Commonwealth of Dominica, The Federation of St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines from 2010-2016.

Before becoming Philam Life’s President and CEO for sixteen (16) years, Mr. Cuisia served the Philippine Government as Governor of the Central Bank of the Philippines and Chairman of its Monetary Board from 1990-1993. He was also appointed Commissioner, representative of the Employer’s Group, for the Social Security System (SSS) in September 2010. Mr. Cuisia was also Governor for the Philippines to the International Monetary Fund and Alternate Governor to the World Bank. Prior to service in the Central Bank, he was also Administrator and CEO of the Philippine Social Security System from 1986-1990.

JAIME C. LAYA
Independent Director217
Chairman, Board Risk Oversight Committee
Member, Corporate Governance Committee
Member, Audit Committee
Member, Related Party Transaction Committee
Member, Nomination Committee
Filipino, 77 years old

Education and Training:
• Certified Public Accountant
• BSBA, Magna cum Laude, University of the Philippines
• M.S. in Industrial Management, Georgia Institute of Technology
• Ph.D. in Financial Management, Stanford University in 1966

Membership in the Board of Listed Companies:
• Manila Water Company, Inc. (Ayala Group)
• Ayala Land, Inc. (Ayala Group)
• Philippine Trust Company (Philtrust Bank)
• GMA Network, Inc.
• GMA Holdings, Inc.

Membership in the Board of Non-Listed Companies:
• Philippine AXA Life Insurance Co., Inc.

217 Independent Director of the Company since April 4, 2014
• Cultural Center of the Philippines
• St. Paul’s University – Quezon City
• Ayala Foundation, Inc.
• Yuchengco Museum
• Escuela Taller de Filipinas Foundation, Inc.

• Don Norberto Ty Foundation, Inc.
• Charter Ping An Insurance Corporation
• Metropolitan Museum of Manila

Positions in Other Organizations and Corporations:
• Chairman and President of Philippine Trust Company (Philtrust Bank)
• Chairman of Escuela Taller de Filipinas Foundation, Inc., Don Norberto Ty Foundation, Inc.
• Trustee of Cultural Center of the Philippines, St. Paul University -- Quezon City, Metropolitan Museum of Manila, Yuchengco Museum, Ayala Foundation, Inc., and others
• Director of various family corporations

Mr. Laya has served as Minister of the Budget; Minister of Education, Culture and Sports; Governor of the Central Bank of the Philippines; Chairman of the National Commission for Culture and the Arts; and Professor and Dean of Business Administration of the University of the Philippines.

VICTORIA P. GARCHITORENA
Member of the Board of Directors
Member, Audit and Governance Committee
Member, Board Risk Oversight Committee
Filipino, 72 years old
Director of the Company since April 4, 2014

Education and Training:
• B.S. Physics, Summa cum Laude, College of the Holy Spirit

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218 As of April 17, 2017. Ms. Victoria P. Garchitorena was replaced by Mr. Gerardo C. Ablaza, Jr. as member of the Audit Committee during the Organizational Meeting of the Board held on April 17, 2017.
219 The term of Ms. Garchitorena as director of the Company ended on April 17, 2017.
• Post-graduate studies in Management Development Program, Asian Institute of Management
• Post-graduate studies in Environmental Economics & Policy Analysis, Harvard Institute for International Development

Membership in the Board of Listed Companies:
• Manila Water Company, Inc. (Ayala Group)

Membership in the Board of Non-Listed Companies:
• UCPB Finance Corp.
• UCPB Foundation, Inc.
• Avignon Tower Condominium Corporation
• Asian Institute of Management
• Ayala Foundation, Inc.
• Gerry Roxas Foundation

Positions in Other Organizations and Corporations:
• Consultant of Ayala Corporation
• Member, Makati Business Club
• Member, National Executive Committee of the Bishops-Businessmen’s Conference for Human Development
• Member, National Executive Committee of the UBAS (Ugnayan ng Barangay at Simbahan)

Ms. Garchitorena has served as a member of the Management Committee of Ayala Corporation (Ayala Group) from 2006 until 2011.

She was a Managing Director of Ayala Corporation, President of Ayala Foundation, Inc. and Philippine Development Foundation (formerly Ayala Foundation USA). Her other significant past positions include: Trustee of the International Center on Innovation, Transformation and Excellence in Governance and Pinoy Me Foundation; member of the Asia Pacific Advisory Council Against Corruption-World Bank and the World Bank Social Protection Advisory Board; League of Corporate Foundations and Makati Business Club; and member of the National Committee of Bishops-Businessmen’s Council for Human Development.

Previously, she was a Senior Consultant on Poverty Alleviation and Good Governance and the Head of the Presidential Management Staff and Secretary to the Cabinet under the Office of the President of the Republic of the Philippines; a Director of Philippine Charity Sweepstakes Office; Executive Assistant to the Chairman and President of the Meralco Foundation, Inc.; a Trustee of the Ramon Magsaysay Awards Foundation; and Co-Chairperson of EDSA People Power Commission; a Board Member of the US based Council of Foundations; Member of the Global Foundation Leaders Advisory Group of World Economic Forum and Governor of Management Association of the Philippines.
GERARDO C. ABLAZA, JR.  
Member of the Board of Directors  
Vice Chairman, Executive Committee  
Member, Audit Committee  
Member, Board Risk Oversight Committee  
Filipino, 63 years old  
Director of Manila Water since November 26, 2009  

Education and Training:  
Liberal Arts Degree, Major in Mathematics (Honors Program), *summa cum laude*, De La Salle University in 1974  
As one of the most accomplished graduates of his alma mater, he sits as a member of the Board of Trustees in various De La Salle Schools in the country.

Mr. Ablaza is a Senior Managing Director of Ayala Corporation and a member of the Ayala Group Management Committee, a post he has held since 1998.

Membership in the Board of Listed Companies:  
- Manila Water Company, Inc. (Ayala Group)  
- Bank of the Philippine Islands (Ayala Group)

Membership in the Board of Non-Listed Companies:  
- Boracay Island Water Company, Inc. (Ayala Group)  
- Laguna AAAWater Corporation (Ayala Group)  
- AC Energy Holdings (formerly Michigan Power Inc.) (Ayala Group)  
- Purefoods International Ltd. (Ayala Group)  
- Asiacom Philippines, Inc. (Ayala Group)  
- Azalea International Venture Partners Limited (Ayala Group)  
- LiveIT Investment Limited (Ayala Group)  
- Ayala Foundation, Inc. (Ayala Group)  
- North-West of Saigon Holdings Pte. Ltd. (Ayala Group)  
- A.C.S.T. Business Holdings, Inc. (Ayala Group)  
- AC Infrastructure Holdings Corporation (Ayala Group)  
- Ayala Retirement Fund Holdings, Inc. (Ayala Group)

---

220 Mr. Ablaza was appointed as member of the Audit Committee during the Organizational Meeting of the Board held last April 17, 2017.
Positions in Other Organizations and Corporations:
- Senior Managing Director of Ayala Corporation
- President of Manila Water Consortium, Inc. and Manila Water International Solutions, Inc.
- Vice-Chairman of Laguna AAAWater Corporation
- Chairman of the Board of Trustees of Manila Water Foundation, Inc.

In 1997, Mr. Ablaza was the Chief Operating Officer of Globe Telecom, Inc. and became President and CEO from 1998 to April 2009. He was also the Chairman of the Board of Directors of Innove Communications, Inc., a wholly owned subsidiary of Globe Telecom Inc. from October 2003 to April 2009. In April 2009, he was tasked to handle AC Capital as Deputy CEO and became CEO the following year. Before joining Ayala Group, he held several positions in Citibank: Vice-President and Country Business Manager for the Philippines and Guam of Citibank, N.A. for its Global Consumer Banking Business (1994-1997), Vice-President for Consumer Banking of Citibank, N.A. Singapore (1994 – 1995), Vice President for Consumer Account Management Group-Citibank Manila in 1986 and thereafter became the bank’s representative to the board of directors of City Trust Banking Corporation and its various subsidiaries from 1987 to 1994.

In 2004, Mr. Ablaza was recognized by CNBC as the Asia Business Leader of the Year, making him the first Filipino CEO to win the award. In the same year, he was awarded by Telecom Asia as the Best Asian Telecom CEO. In 2013, he was recognized for his consistent leadership and innovation across the banking, investment, telecommunications and utility service industries through the Citi Distinguished Alumni Award for Leadership and Ingenuity. Mr. Ablaza was the first and only Filipino to be awarded with such an honor.

Describe the Audit Committee’s responsibility relative to the external auditor.

With regard to External Audit, the Audit Committee shall:

i. Recommend the appointment and removal of the Independent Auditors, duly accredited by the Securities and Exchange Commission (SEC), and the fixing of their compensation to the Board and ensure that the rotation process of the auditors of the external auditors of the firm engaged is enforced.

ii. Ensure that the external auditors comply with relevant and applicable auditing standards.

iii. Prior to commencement of the audit, discuss with the External auditor the nature, scope and expenses of the audit and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. *(based on the updated Code of Corporate Governance from SEC-November 2016)*

iv. Review and pre-approve the Independent Auditor’s plans to understand the basis for their risk assessment and financial statement materiality including the scope and frequency of the audit, and ensure cooperation when more than one professional service firm is needed.
v. Monitor the coordination efforts of the external and internal auditors.
vi. Review the reports of the Independent Auditors and regulatory agencies, where applicable. Ensure that management is taking appropriate corrective actions in a timely manner, including addressing control and compliance issues.

vii. Conduct a separate meeting in executive session, with the external auditors to discuss any matter that the committee or auditors believe should be discussed privately, including the results of the audit, year-end financial statements, the quality of management, financial and accounting controls.

viii. Review and approve the proportion of audit versus non-audit work both in relation to their significance to the auditor and in relation to the Company’s year-end financial statements, and total expenditure on consultancy, to ensure that non-audit work will not be in conflict with the audit functions of the independent auditor. The Audit Committee should disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to independence. The non-audit work, if allowed, should be disclosed in the Company’s Annual Report and Annual Corporate Governance Report. *(based on the updated Code of Corporate Governance from SEC - November 2016)*

ix. Evaluate the internal control issues that have been raised by the independent auditor.

x. Communicate with the external auditors of the Company within a reasonable period of time after the completion of the independent audit and to discuss any material findings on the Company relating to critical policy weaknesses, the external auditor’s observation on the Company’s internal controls, audit adjustments, alternative treatments, the independent auditor’s independence and limitations on the audit that may have been imposed by management and other material issues that affect the integrity and accuracy of the Company’s financial reporting;

xi. Evaluate the performance of the external auditor and to ensure that the same performs its functions in compliance with the relevant and applicable auditing standards; and

xii. Understand and evaluate disagreements between the external auditors and management and make the appropriate recommendation to the Board for redress of the matter.

(c) Nomination Committee

For the year 2017 (as of June 30, 2017)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment221</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee222</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Jose L. Cuisia Jr.</td>
<td>April 17, 2017</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>5</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jaime C. Laya</td>
<td>April 17, 2017</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>2</td>
</tr>
</tbody>
</table>

221 Date of last appointment  
222 Reckoned from the date of original appointment  
223 Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
| Member (ID) | Oscar S. Reyes | April 17, 2017 | 2 | 2 | 100% | 5 |

For the year 2016 (as of December 31, 2016)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Jose L. Cuisia Jr.</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>5</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jaime C. Laya</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Oscar S. Reyes</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>5</td>
</tr>
</tbody>
</table>

(4) Remuneration Committee

For the year 2017 (as of June 30, 2017)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Jose L. Cuisia Jr.*</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>5</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Sherisa P. Nuesa</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Fernando Zobel de Ayala</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>7</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Oscar S. Reyes*</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>5</td>
</tr>
</tbody>
</table>

*During its Organizational Meeting held on April 17, 2017, immediately after the ASM, the Board appointed Mr. Jose L. Cuisia, Jr. and Oscar S. Reyes as Chairman and Member of the Remuneration Committee, respectively.

---

224 Date of last appointment
225 Reckoned from the date of original appointment
226 Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
227 Date of last appointment
228 Reckoned from the date of original appointment
229 Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.
### Board Risk Oversight Committee

For the year 2016 (as of December 31, 2016)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Oscar S. Reyes</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>5</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Sherisa P. Nuesa</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Fernando Zobel de Ayala</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>7</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jose L. Cuisia Jr.</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>5</td>
</tr>
</tbody>
</table>

For the year 2017 (as of June 30, 2017)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Jaime C. Laya</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Oscar S. Reyes</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Gerardo C. Ablaza, Jr.*</td>
<td>April 17, 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Victoria P. Garchitorena*</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jose L. Cuisia Jr.</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>1</td>
</tr>
</tbody>
</table>

*At the Organizational Meeting of the Board held on April 17, 2017, immediately after the ASM, Ms. Garchitorena was replaced by Mr. Gerardo C. Ablaza, Jr. as member of the Board Risk Oversight Committee (former Risk Committee).*

---

230 Date of last appointment  
231 Reckoned from the date of original appointment  
232 Reckoning of the cumulative nine-year term is from 2012 pursuant to SEC Memorandum Circular No. 4, Series of 2017.  
233 Formerly the Risk Committee  
234 Date of last appointment  
235 Reckoned from the date of original appointment
For the year 2016 (as of December 31, 2016)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Jaime C. Laya</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Oscar S. Reyes</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Member (NED)</td>
<td>Victoria P. Garchitorena</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jose L. Cuisia Jr.</td>
<td>April 11, 2016</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>1</td>
</tr>
</tbody>
</table>

(f) Related Party Transactions Committee

For the year 2017 (as of June 30, 2017)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Oscar S. Reyes*</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td>Chairman (ID)</td>
<td>Sherisa P. Nuesa*</td>
<td>April 17, 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jaime C. Laya</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jose L. Cuisia, Jr.</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>2</td>
</tr>
</tbody>
</table>

* At the Organizational Meeting of the Board held on April 17, 2017, Ms. Sherisa P. Nuesa was appointed Chairman and member of the Related Party Transaction Committee, in lieu of Mr. Oscar S. Reyes.

---

236 Date of last appointment  
237 Reckoned from the date of original appointment  
238 Date of last appointment  
239 Reckoned from the date of original appointment
For the year 2016 (as of December 31, 2016)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Commit-tee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Oscar S. Reyes</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jaime C. Laya</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jose L. Cuisia, Jr.</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>2</td>
</tr>
</tbody>
</table>

(g) Corporate Governance Committee

For the year 2017 (as of June 30, 2017)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (ID)</td>
<td>Sherisa P. Nuesa*</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jaime C. Laya</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>Member (ID)</td>
<td>Jose L. Cuisia, Jr.</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>-</td>
</tr>
</tbody>
</table>

(h) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

---

240 Date of last appointment
241 Reckoned from the date of original appointment
242 Date of last appointment
243 Reckoned from the date of original appointment
Committee of Inspectors of Ballots and Proxies (formerly, the “Proxy Validation Committee”):

For the year 2017 (as of June 30, 2017)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment&lt;sup&gt;244&lt;/sup&gt;</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Head – Internal Audit</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Xerxes Noel O. Ordanez</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>Head – Legal and Corporate Governance Department</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Atty. Jhoel P. Raquedan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>Representative of External Auditor</td>
<td>April 17, 2017</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>7</td>
</tr>
</tbody>
</table>

For the year 2016 (as of December 31, 2016)

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Date of Appointment&lt;sup&gt;245&lt;/sup&gt;</th>
<th>No. of Meetings Held</th>
<th>No. of Meetings Attended</th>
<th>%</th>
<th>Length of Service in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Head – Internal Audit</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Xerxes Noel O. Ordanez</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>Head – Legal and Corporate Governance Department</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Atty. Jhoel P. Raquedan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>Representative of External Auditor</td>
<td>April 11, 2016</td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>6</td>
</tr>
</tbody>
</table>

<sup>244</sup> Date of last appointment  
<sup>245</sup> Date of last appointment
3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Changes in Committee Membership in 2016:

<table>
<thead>
<tr>
<th>Name of Committee</th>
<th>Name</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomination Committee</td>
<td>Jaime Augusto Zobel de Ayala</td>
<td>Mr. Ayala was a member of the Nomination Committee. His term as member of the Committee ended on April 11, 2016.</td>
</tr>
</tbody>
</table>

Changes in Committee Membership in 2017: The following changes took effect during the Organizational Meeting of the Board held on April 17, 2017.

<table>
<thead>
<tr>
<th>Name of Committee</th>
<th>Name</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Committee</td>
<td>Sherisa P. Nuesa (ID) Ferdinand M. Dela Cruz</td>
<td>Mr. Dela Cruz replaced Ms. Nuesa as member of the Executive Committee.</td>
</tr>
<tr>
<td>Remuneration Committee</td>
<td>Oscar S. Reyes (ID) Jose L. Cuisia, Jr. (ID)</td>
<td>Mr. Cuisia replaced Mr. Reyes as Chairman of the Remuneration Committee. Mr. Reyes remained a member.</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>Victoria P. Garchitorena Gerardo C. Ablaza, Jr.</td>
<td>Mr. Ablaza replaced Ms. Garchitorena as member of the Audit Committee.</td>
</tr>
<tr>
<td>Board Risk Oversight Committee</td>
<td>Victoria P. Garchitorena Gerardo C. Ablaza, Jr.</td>
<td>Mr. Ablaza replaced Ms. Garchitorena as member of the Board Risk Oversight Committee.</td>
</tr>
<tr>
<td>Related Party Transactions Committee</td>
<td>Oscar S. Reyes (ID) Sherisa P. Nuesa (ID)</td>
<td>Ms. Nuesa replaced Mr. Reyes as Chairman and member of the Related Party Transactions Committee.</td>
</tr>
</tbody>
</table>
4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

<table>
<thead>
<tr>
<th>Name of Committee</th>
<th>Work Done</th>
<th>Issues Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>Refer below</td>
<td></td>
</tr>
<tr>
<td>Audit</td>
<td>Refer below</td>
<td></td>
</tr>
<tr>
<td>Nomination</td>
<td>Refer below</td>
<td></td>
</tr>
<tr>
<td>Remuneration</td>
<td>Refer below</td>
<td></td>
</tr>
<tr>
<td>Others (specify) Proxy Validation Committee</td>
<td>Refer below</td>
<td></td>
</tr>
</tbody>
</table>

**THE EXECUTIVE COMMITTEE:**

For 2016, the Executive Committee passed and approved the resolutions on the following:

a. Resolution No. E-1 (2016) on the approval to accept bank guarantee issued by the ANZ Bank

For 2017, the Executive Committee has so far passed and approved the resolutions on the following:

a. Resolution No. E-1 (2017) on the Joint Venture Agreement with the Calasiao Water District
d. Resolution No. E-4 (2017) on the adoption of the New Manual, Revisions to the Policies and Charters and the approval of the Charter of the Corporate Governance Committee

The acts and resolutions approved and/or passed by the Executive Committee were those acts necessary for or in furtherance of the operations of the Company. These acts and resolutions were ratified by the Board in its meeting immediately succeeding the relevant Executive Committee meeting.

**THE NOMINATION COMMITTEE:**

For 2016, the Nomination Committee has evaluated and endorsed:

a. the nomination for election of the eleven (11) nominees to the Board of Directors at the ASM on April 11, 2016
b. the nomination for election of the nominees to the positions of officers of the Company and the board committees at the Organizational
Meeting on April 11, 2016, including the nomination of Ms. Janine T. Carreon as Group Director for Corporate Human Resources and the nomination of Ms. Esmeralda R. Quines as Group Director for East Zone Business Operations

For 2017, the Nomination Committee has evaluated and endorsed:

a. the nomination for election of the eleven (11) nominees to the Board of Directors at the ASM on April 17, 2017
b. the nomination for election of the nominees to the positions of officers of the Company and the Board Committees at the Organizational Meeting on April 17, 2017

**THE REMUNERATION COMMITTEE:**

For 2016, the Remuneration Committee has evaluated and approved the 2016 Compensation Program of the Company.

For 2017, the Remuneration Committee has evaluated and approved the 2017 Compensation Program of the Company.

**THE COMMITTEE OF INSPECTORS OF BALLOTS AND PROXIES:**

On April 4, 2016, the Committee of Inspectors of Ballots and Proxies validated the proxies submitted by the stockholders for the purpose of the 2016 ASM held on April 11, 2016.

On April 6, 2017, the Committee of Inspectors of Ballots and Proxies validated the proxies submitted by the stockholders for the purpose of the 2017 ASM held on April 17, 2017.

**THE AUDIT COMMITTEE:**

For 2016, the Audit Committee has approved the following matters, among others:

a. 2015 Consolidated Financial Statements including the Notes to the Financial Statements, Management Discussion and Analysis and Management Representation Letters
b. Endorsement of the re-appointment of SGV as external auditors of the Company and its subsidiaries for fiscal year 2016
c. 2016 Quarterly Financial Results
d. 2015 Report of the Committee to the Board
e. Counterparty limits for relationship banks of the Company
f. Revisions to the Charter of the Committee which revisions pertain to the transfer of the risk management and oversight function to the recently established Risk Committee
g. 2016 SGV Audit Plan
For 2017, the Audit Committee has approved the following matters:

a. First Quarter 2017 Financial Results
b. 2016 Consolidated Financial Statements including the Notes to the Financial Statements, Management Discussion and Analysis and Management Representation Letters
c. Endorsement of the re-appointment of SGV as external auditors of the Company and its subsidiaries for fiscal year 2017
d. 2016 Report of the Committee to the Board
e. The new Manual of Corporate Governance and affected Charters and Policies of the Company pursuant to SEC MC No. 19 Series of 2016
f. 2017 Internal Audit’s Risk-Based Annual Audit Plan
g. Adoption of the Units of Production Amortization Method

THE RELATED PARTY TRANSACTIONS COMMITTEE:

For 2016, the Related Party Transactions Committee approved the award of and endorsed the proposed transaction with Isuzu Pasig for the supply and delivery of desludging trucks and water tanks worth Php280.2 million.

For 2017, the Related Party Transactions Committee approved the award of the two (2) year contract for Retail Electricity Supply to AC Energy Holdings, Inc. under a metered quantity scheme at the fixed rate of PhP 3.20 per kwh.

THE BOARD RISK OVERSIGHT COMMITTEE:

For 2016, the Committee discussed the top enterprise risks, with particular focus on security risks, and the existing insurance coverage of the Company and its subsidiaries. The Committee also discussed and approved the amendments to the Treasury Risk Management Policy.

For 2017, another round of discussion on top enterprise risks was held. In addition, the details and implications of the Data Privacy Act was also discussed by the Committee.

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Each of the Board Committees is required under its own Charter to regularly review the provisions of its Charter to ensure compliance with the relevant corporate governance policies and practices. They are mandated to diligently comply with their duties, functions and responsibilities as set out in their respective Charters and in the Manual.
In addition, the Audit Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of the Company and shall be responsible for ensuring the development of, compliance with, and periodic review of corporate governance policies and practices of the Company. The Audit (and Governance) Committee is also tasked to oversee the risk management system of the Company.

The Related Party Transactions Committee will ensure the all material RPTs have undergone the same process as an ordinary transaction and determine that the material RPT under review is in the best interest of the Corporation.

The Board Risk Oversight Committee will ensure effective management of strategic, operational, financial and compliance-related risks. The Committee will also assist the Board in its oversight functions in relation to risk governance in the Company.

The Corporate Governance Committee will promote and adopt revisions to existing corporate governance policies of the Company in accordance with statutory mandates and international standards.

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

In order to achieve its corporate objectives, Manila Water acknowledges the need for the active management of the risks inherent in its business which should involve the entire organization. For this reason, the Manila Water has established an Enterprise Risk Management (ERM) Program which aims to use a globally accepted approach in managing imminent and emerging risks in its internal and external operating environments.

Under the ERM Program, Manila Water shall appropriately respond to risks and manage them in order to increase shareholder value and enhance its competitive advantage.

Manila Water, through its Enterprise Risk and Insurance Management Department (ERIM Department), seeks to integrate risk awareness and responsibility at each level of management activities, and into all strategic planning and decision-making processes within Manila Water and its subsidiaries to support achievement of strategies and objectives.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The 2016 Annual Report of the Risk Committee to the Board of Directors reads in part:

In compliance with the Risk Committee Charter, the Committee confirms that:

• An independent director chairs the Risk Committee. The Committee has three (3) out of four (4) members who are independent
directors.

- The Committee had two (2) meetings during the year with the following rate:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Meetings Attended/Held</th>
<th>Percent Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime C. Laya (ID)</td>
<td>2/2</td>
<td>100%</td>
</tr>
<tr>
<td>Jose L. Cuisia, Jr. (ID)</td>
<td>2/2</td>
<td>100%</td>
</tr>
<tr>
<td>Victoria P. Garchitorena</td>
<td>2/2</td>
<td>100%</td>
</tr>
<tr>
<td>Oscar S. Reyes (ID)</td>
<td>2/2</td>
<td>100%</td>
</tr>
</tbody>
</table>

- The Committee discussed with Management the adequacy and effectiveness of the Enterprise Risk Management process, including significant risk exposures, the related risk-mitigation efforts and initiatives, and the status of the mitigation plans. The review was undertaken in the context that Management is primarily responsible for the risk management process.

- The Committee has reviewed the Enterprise Risk Management Process in Manila Water Company, Inc. and is satisfied that sufficient risk management systems are in place.

The Internal Audit Department assessed the state of the ERM framework of Manila Water and the results of the assessment was reported to the Risk Committee (RC) and the Board of Directors (BOD). The assessment of the ERM framework covered the following components, namely:

- Governance and Organization;
- Risk Management Strategy;
- Reporting and Communication;
- Tools and Technology; and
- Culture and Capability.

The RC and the BOD reviewed and approved the top enterprise risks of the Company and reviewed the progress of the action plans to manage these risks. In addition, the risk management programs are reviewed and approved by RC which make a report to the BOD. The comments and recommendations of the RC and BOD were incorporated in the programs for 2015.

For 2015, the following are the improvements in the Risk Management System:

- Creation of Risk Committee of the BOD
- Conduct of Black Swan Workshop attended by Senior Leadership Team and Management Committee
- Inclusion of Manila Water subsidiaries in the Risk Management Excellence Awards program
- Inclusion of ERM maturity in corporate and group targets

In addition, an external assessment of Manila Water’s ERM maturity was conducted by Aon Philippines. Manila Water achieved a rating of 4.5 which means Manila Water is between the operational and advanced levels of ERM implementation. The 4.5 score is also above the global average for all industries (3.0) and global average for utility companies (2.5). The assessment covered the following components of ERM:
• Board Understanding and Commitment to Risk Management
• Executive Level Risk Management Stewardship
• Risk Communication
• Risk Culture: Engagement & Accountability
• Risk Identification
• Stakeholder Participation in Risk Management
• Risk Information and Decision Making Processes
• Integrating Risk Management & Human Capital Processes
• Risk Analysis & Quantification to Understand Risk and Demonstrate Value
• Risk Management Focus on Value Creation

For 2016, the following are the improvements in the Risk Management System:
• Conduct of Risk Culture Survey across the Manila Water enterprise
• Conduct of Black Swan Workshops attended by the Leadership Team Manila Water Subsidiaries
• Enhancement of the Risk Management Excellence Awards program

(c) Period covered by the review;

2016

(d) How often the risk management system is reviewed and the directors’ criteria for assessing its effectiveness; and

Annual for the assessment of framework; quarterly progress review

(e) Where no review was conducted during the year, an explanation why not.

Not applicable

2) Risk Policy

(a) Company

Give a general description of the company’s risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:
The ERM Policy:

- Establishes the framework that shall be employed for risk management at Manila Water;
- Establishes the risk management process;
- Establishes the risk management oversight structure; and
- Defines the authorities and responsibilities of individuals, committees and organization units with roles in ERM.

<table>
<thead>
<tr>
<th>Risk Exposure</th>
<th>Risk Management Policy</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(i.e. Market, Credit and Liquidity Risks) arising from Treasury transactions.</td>
</tr>
<tr>
<td>Financial and Compliance</td>
<td>CAPEX Control Policy</td>
<td>Provide a clear guidance on the CAPEX Approval Process and the tolerable limits for variations in CAPEX Projects. (i.e. cost, time, scope)</td>
</tr>
<tr>
<td>Operational</td>
<td>Business Continuity Policy</td>
<td>Provide clear guidance on the continuity and resumption strategies following any operational disruption.</td>
</tr>
<tr>
<td>Operational and Financial</td>
<td>Business Continuity Funding Policy</td>
<td>Provide funding provision for the “Big One” and now covers not only the head office but also all MWC business areas.</td>
</tr>
<tr>
<td>Financial</td>
<td>OPEX Control Policy</td>
<td>Provide guidance on the process, controls and limits for operational expenses.</td>
</tr>
<tr>
<td>Financial</td>
<td>Liquidity Plan Policy</td>
<td>Provide granular information on daily movement of funds, cash position and requirements.</td>
</tr>
<tr>
<td>Compliance</td>
<td>Regulatory Compliance Policy</td>
<td>Provide guidance on the identification, assessment, monitoring and reporting of regulatory compliance requirements and violations of the organization.</td>
</tr>
<tr>
<td>Health and Safety</td>
<td>Health and Safety Policy</td>
<td>Provide guidance to ensure safety, preservation of life and health of employees as well as stakeholders.</td>
</tr>
</tbody>
</table>
### Group

Give a general description of the Group’s risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

<table>
<thead>
<tr>
<th>Risk Exposure</th>
<th>Risk Management Policy</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>Enterprise Risk Management Policy</td>
<td>Subsidiaries are required to adopt the same risk management framework as the Parent Company. Subsidiaries are required to attain a certain level of risk management maturity.</td>
</tr>
<tr>
<td>Strategic</td>
<td>Secondment of Manila Water officers as General Managers (GMs) and Finance and Administration Managers (FAMs) for all subsidiaries who are trained by and directly reporting to Manila Water.*</td>
<td>To provide the parent company oversight and control over all financial and administrative processes of its subsidiaries.</td>
</tr>
<tr>
<td>Financial and Operational</td>
<td>New Business Development Policy</td>
<td>Provide guidance on the process and controls for developing New Businesses.</td>
</tr>
</tbody>
</table>

* Not a policy but an organizational strategy

### Minority Shareholders

*Indicate the principal risk of the exercise of controlling shareholders’ voting power.*

<table>
<thead>
<tr>
<th>Risk to Minority Shareholders</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No risk, since minority shareholders have a venue to exercise their voting power through the Annual Stockholders Meeting.</td>
<td></td>
</tr>
<tr>
<td>Also, Manila Water has independent directors with one of the independent directors as the chairman of the Risk Committee. There are three (3) independent directors in the Risk Committee.</td>
<td></td>
</tr>
<tr>
<td>In addition, Manila Water has a Related Party Transaction (RPT) Policy in place which provides guidance on the process and controls for handling RPTs in instances where such transactions cannot be avoided.</td>
<td></td>
</tr>
</tbody>
</table>
3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

<table>
<thead>
<tr>
<th>2016 TOP CORPORATE RISKS</th>
<th>MITIGATION STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAST ZONE BUSINESS MODEL</td>
<td>Weekly meetings are regularly done to review operational highlights. Power-saving initiatives and other activities to improve operational efficiency were implemented. In addition, Manila Water Total Solutions was scaled up to generate new revenue sources.</td>
</tr>
<tr>
<td>BUSINESS CONTINUITY</td>
<td>Drills are regularly conducted following contingency standards, procedures and processes which increased readiness and awareness of employees on emergency protocols. Emergency Response Plans are continuously reviewed and enhanced.</td>
</tr>
<tr>
<td>INVESTMENT PLAN EXECUTION</td>
<td>Project management is risk-based such that review and reporting frequency, and escalation levels depend on project’s risk level. Monitoring of project milestones is being done to ensure timely completion of projects.</td>
</tr>
<tr>
<td>WATER SUPPLY</td>
<td>Activities are being done to further increase reliability and efficiency of the current water supply system such as the development of medium-term water sources, weekly monitoring and investigation of non-revenue water (NRW) contributors, weekly monitoring of dam water levels, preventive and corrective maintenance of dam facilities and aqueducts and implementation of metering at raw water portal and tailrace metering.</td>
</tr>
<tr>
<td>POLITICAL AND REGULATORY / COMPLIANCE</td>
<td>Programs have been implemented to mitigate regulatory and socio-political risks at both compliance and strategic levels. Enhanced stakeholder relationship management has been given key priority, with regular coordination and strategic direction setting undertaken with groups involved in stakeholder engagement at the corporate and enterprise levels.</td>
</tr>
<tr>
<td>NEW BUSINESS DEVELOPMENT / COMPETITION</td>
<td>Organizational enhancements were implemented to improve Manila Water’s mitigation regarding new business development and competition risks. Manila Water’s review framework of new business projects includes risk assessment and is a critical component in the business development and approval process</td>
</tr>
</tbody>
</table>
A robust succession plan is in place to ensure a strong pipeline for critical roles. The performance management process was enhanced to align with market best practices and with the Company’s competency framework and learning and development practices.

### Group

**Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:**

<table>
<thead>
<tr>
<th>Risk Exposure</th>
<th>Risk Assessment (Monitoring and Measurement Process)</th>
<th>Risk Management and Control (Structures, Procedures, Actions Taken)</th>
</tr>
</thead>
</table>
| Various Risks   | The parent company and its subsidiaries all go through the same Risk Assessment Process based on ISO 31000 for Corporate/ Group / Department level Risks. | - Identification, Assessment, Reporting and Monitoring of Top Risks  
- Incorporation of Risks Identified in Planning Activities  
- The Risk Management Executive Committees (RMECs) of Manila Water and its subsidiaries meet on a regular basis to discuss risk management matters.  
The management of top risks is delegated to the appropriate risk owners across the organization. |
| Various Risks   | Internal Audit                                                                                                          | - Manila Water’s Internal Audit follows a risk-based approach to assessing the effectiveness of controls and risk management strategies at the process level. |
| Operational Risks | Various Processes- i.e. Business Impact Analysis, HIRAC, HAZOP, business continuity plan                                    | - Continuous management of all project, safety, security and business continuity risks  
- The company has dedicated departments to address these various operational risks. |
| Compliance Risks | The units and departments of the Company                                                                                | - The units and departments of the Company are required, to submit a compliance report of their respective compliance requirements and submissions to the Office of the Compliance Officer. |
(c) **Committee**

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

<table>
<thead>
<tr>
<th>Committee/Unit</th>
<th>Control Mechanism</th>
<th>Details of its Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERIM Department</td>
<td>Monitoring and Reporting of Top Risks of the company and the treatment for the risks.</td>
<td>Develops, Manages and continuously improves the risk management program of the organization.</td>
</tr>
<tr>
<td>Risk Management Executive Committee</td>
<td>Provides management oversight for the risk management program of the company.</td>
<td>Composed of the Senior Leadership Team, Management Committee members and the CRO. This committee provides direction on the design and implementation of the company’s Enterprise Risk Management process.</td>
</tr>
<tr>
<td>Board Risk Oversight Committee</td>
<td>Assists the Board of Directors in fulfilling its responsibility for oversight of the organization’s corporate governance process.</td>
<td>Composed of the ERIM Department, representatives from the Board and the chaired by an Independent Director. It reviews and endorses for approval to the board ERM policy matters as well as ensure the adequacy and effectiveness of Manila Water’s ERM Process.</td>
</tr>
</tbody>
</table>

G. **INTERNAL AUDIT AND CONTROL**

1) **Internal Control System**

Disclose the following information pertaining to the internal control system of the company:

(a) **Explain how the internal control system is defined for the company;**

*The Company’s internal control is aligned with the COSO’s Interrelated Components of Internal Control*

- Control Environment/Activities
- External Control Environment
- Risk Management
- Information and Communication
- Risk Management
- Information and Communication
- Monitoring

(b) **A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;**

The 2016 Annual Report of the Audit Committee to the Board of Directors reads in part:

The Committee discussed and approved the overall scope and the respective audit plans of the Company’s internal auditors and of SGV & Co., the results of their audits and their assessment of the Company’s internal controls, and the overall quality of the financial reporting process.

The Committee discussed the reports of the internal auditors, and ensured that Management is taking appropriate actions in a timely manner, including addressing internal control and compliance issues. All the activities performed by Internal Audit were conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

The Audit Committee, through the audits conducted by SGV & Company and Internal Audit, has reviewed Management’s system of internal controls and the Committee found the internal control system to be adequate and effective.

The Committee discussed with Management the adequacy and effectiveness of the Enterprise Risk Management process, including significant risk exposures, the related risk-mitigation efforts and initiatives, and the status of the mitigation plans. The review was undertaken in the context that Management is primarily responsible for the risk management process.

(c) **Period covered by the review;**

2016

(d) **How often internal controls are reviewed and the directors’ criteria for assessing the effectiveness of the internal control system; and**

Internal controls are reviewed on an annual basis

(e) **Where no review was conducted during the year, an explanation why not.**

Review of internal controls is part of the audit activities and based on Audit’s assessment of risks.
2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the Company’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

**General Audit:**

- Review the effectiveness by which risks that may threaten the achievement of organizational and financial reporting objectives are identified and managed.
- Review the reliability and integrity of the financial reporting process and operating information and the business process used to identify, measure, classify and report such information.
- Review the adequacy of the system of internal controls, planned and in use, to safeguard the Company’s assets and operations.
- Review the effectiveness of management controls meant to ensure the economic and efficient utilization of resources and achieve the Company’s corporate vision and objectives.
- Review the adequacy, existence and degree of adherence to Company policies, procedures and sound business practices.
- Report the result of audit reviews and other activities in a manner that helps management address the identified risk issues/ concerns and take appropriate action within a reasonable period of time.
- Appraise the adequacy of action taken by management in response to reported risk issues, control weaknesses and opportunities for improvement.

**Assurance Services**

The IAA provides reasonable assurance on the following to help ensure that management enhances the value of the Company as it competes in an ever dynamic and increasingly competitive marketplace;

- Overall effectiveness and efficiency of the control environment and the risk management and governance processes
- Compliance with policies, laws and regulations
- Safeguarding of assets
- Reasonableness of financial information, in conjunction with the external/independent auditors’ activities
**Consulting Services**

The IAA of the Company shall provide advisory and related client service activities, the nature and scope of which are agreed with the client, and are intended to add value and improve the organization’s governance, risk management, and control processes without assuming management’s responsibility.

Examples of consulting services are:

- Assistance in risk management activities
- Assessing the adequacy of internal controls in a proposed system
- Providing recommendation and advise on governance and business process improvements

<table>
<thead>
<tr>
<th>Role</th>
<th>Scope</th>
<th>Indicate whether In-house or Outsource Internal Audit Function</th>
<th>Name of Chief Internal Auditor/ Auditing Firm</th>
<th>Reporting process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Audit Executive</td>
<td>Oversees the whole Internal Audit Activity like but not limited to:</td>
<td>In-house</td>
<td>Xerxes Noel Ordanez, CPA, CIA, CISA, CRISC</td>
<td>Functionally reporting to the Audit Committee and Administratively reporting to the CFO</td>
</tr>
<tr>
<td></td>
<td>• Establishing appropriate policies and procedures to guide the internal audit function</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Establishing risk-based audit plans to set out the priorities of the internal audit function</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Auditor</td>
<td>Review of financial close process and provide reasonable assurance on the reliability and integrity of financial and operational information.</td>
<td>In-house</td>
<td>Reynan Tayag, CPA</td>
<td>Directly reporting to the Chief Audit Executive</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Jonel Funtanar, CPA, Christian Catacutan, CPA</td>
<td></td>
</tr>
<tr>
<td>System Auditor</td>
<td>Review of Information Technology (I.T.) systems to provide reasonable assurance on the reliability, integrity of financial and operational information.</td>
<td>In-house</td>
<td>Jon Louis Santos, CPA, Mark Joseph Cabatbat, CPA</td>
<td>Directly reporting to the Chief Audit Executive</td>
</tr>
</tbody>
</table>
(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

YES. The appointment and/or removal of the Internal Auditor requires the approval of the Audit Committee. This is specifically provided in the Charter of the Audit Committee.

(c) Discuss the internal auditor’s reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Audit Activity (IAA) functionally reports to the Audit Committee and administratively to the Chief Finance Officer. Though this is not the optimum placement of the department to ensure independence since the standards explicitly states that IAA should administratively reports to the Chief Executive Officer, IAA maintains its independence by adhering to the provisions stated in the Internal Audit Charter where the purpose, authority, and responsibility of the IAA were formally defined consistent with the Auditing Standards, and approved by the board. The charter established the IAA’s position within the organization. It authorizes access to records, personnel, and physical properties relevant to the performance of engagements and defines the scope of internal audit activities.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

<table>
<thead>
<tr>
<th>Name of Audit Staff</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Joseph Cabatbat, CPA,CISA</td>
<td>Resigned in August 2016 but re-hired in November 2016 with the same roles and responsibilities that he previously held.</td>
</tr>
</tbody>
</table>
(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit’s progress against plans, significant issues, significant findings and examination trends.

<table>
<thead>
<tr>
<th>Progress Against Plans</th>
<th>90-95% completion of Risk-based Audit Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issues(^{246})</td>
<td>Issues raised were related to the effectiveness of internal controls, risk management and governance processes. Other focus area was on the efficiency of business processes.</td>
</tr>
<tr>
<td>Findings(^{247})</td>
<td>Audit findings were related to compliance with Company’s policies and procedures</td>
</tr>
<tr>
<td>Examination Trends</td>
<td>Followed the standard audit methodology</td>
</tr>
</tbody>
</table>

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

Note: MWC Internal Audit Activity for the given year has been performed in accordance with the Provisions of the International Standards on the Professional Practice of Internal Auditing (ISPIA).

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

<table>
<thead>
<tr>
<th>Policies &amp; Procedures</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit Charter</td>
<td>Passed the 2012 Quality Assessment review conducted by the Institute of Internal Auditors.</td>
</tr>
</tbody>
</table>

\(^{246}\) “Issues” are compliance matters that arise from adopting different interpretations.

\(^{247}\) “Findings” are those with concrete basis under the company’s policies and rules.

Internal Audit’s Code of Ethics/Conduct Passed the 2012 Quality Assessment review conducted by the Institute of Internal Auditors.

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

<table>
<thead>
<tr>
<th>Auditors (Internal and External)</th>
<th>Financial Analysts</th>
<th>Investment Banks</th>
<th>Rating Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanisms under the Internal Audit Charter and the Audit Committee Charter</td>
<td>Mechanisms under the Revised Code of Business Conduct and Ethics Refer to discussions below.</td>
<td>Mechanisms under the Revised Code of Business Conduct and Ethics. Refer to discussions below.</td>
<td>Mechanisms under the Revised Code of Business Conduct and Ethics. Refer to discussions below.</td>
</tr>
<tr>
<td>Mechanisms under the Revised Code of Business Conduct and Ethics Refer to discussions below.</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

The Internal Audit Charter provides for the mechanisms to ensure independence of the auditors. In particular, it provides that:

RESPONSIBILITIES of Internal Audit Activity

The internal audit activity will govern itself by adherence to the Institute of Internal Auditor’s mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance.
1. General

- Review the effectiveness by which risks that may threaten the achievement of organizational and financial reporting objectives are identified and managed.
- Review the reliability and integrity of the financial reporting process and operating information and the business process used to identify, measure, classify and report such information.
- Review the adequacy of the system of internal controls, planned and in use, to safeguard the Company’s assets and operations.
- Review the effectiveness of management controls meant to ensure the economic and efficient utilization of resources and achieve the Company’s corporate vision and objectives.
- Review the adequacy, existence and degree of adherence to Company policies, procedures and sound business practices.
- Report the result of audit reviews and other activities in a manner that helps management address the identified risk issues/concerns and take appropriate action within a reasonable period of time.
- Appraise the adequacy of action taken by management in response to reported risk issues, control weaknesses and opportunities for improvement.

Under the Audit Committee Charter, the Audit Committee also evaluates and determines the non-audit work, if any, of the external auditor, and reviews periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company’s overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.

The Revised Code of Business Conduct and Ethics also provides for the mechanisms that can ensure the independence of the Financial Analysts, Investment Banks and Rating Agencies.

**The Revised Code of Business Conduct and Ethics provides that:**

**Honesty and Fair Dealing**

a. The core principle of the Company is to conduct business honestly and fairly with its investors, suppliers, contractors, service providers, customers and employees and other third parties.

b. Directors, Officers and employees shall act honestly, ethically and in comply with all applicable laws, rules and regulations and protect the name and reputation of the Company.

c. Directors, Officers and employees shall not engage in any unfair dealing practices, such as taking advantage of anyone through abuse of confidential information, manipulation, concealment, or misrepresentation or other similar acts.
d. Officers and employees involved in the procurement process for services, materials, supplies, and equipment shall strictly comply with the Company’s Procurement Policy.

e. Directors, Officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board, in case of directors, and to the immediate supervisor or to the Office of the Compliance Officer in case of officers and employees. The Company shall promptly identify and investigate any suspected fraudulent or dishonest acts. Without prejudice to applicable administrative sanctions, the Company may pursue civil and/or criminal actions against directors, officers and employees as may be warranted.

Conflicts of Interest

a. A conflict of interest arises when a Director, or an Officer or employee appears to have a direct or indirect personal or financial interest in any transaction, which may deter or influence him from acting in the best interest of the Company. It is not required that there be an actual conflict, it is only required that there could be perceived or seen to be a conflict by an impartial observer.

b. When an actual or apparent conflict of interest arises, a Director must inform the Board, and the Officer or employee must immediately inform his immediate supervisor or the Compliance Officer. Such Director, Officer or employee should not participate in, or in any way seek to influence, any negotiations, or decisions pertaining to the transaction, which is the subject of interest.

c. The Director, Officer or employee must also file a Conflict of Interest Report with the Board in case of a director or to the immediate supervisor and the Office of the Compliance Officer in case of an officer or employee. The report shall indicate a brief description of the conflict, the date when the Board, or immediate supervisor and the Office of the Compliance Officer were notified, and the action taken on the conflict.

d. No Officer or employee may have financial interest in a privately owned enterprise, which directly or indirectly deals or transacts business with the Company.

A Director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests.

e. No Director, Officer or employee may use his position in the Company for personal gain or advantage or to promote any action that may run counter to the Company’s ethical standards.

f. No Director, Officer or employee shall use the Company’s facilities, materials, intellectual properties, vehicles, equipment and supplies for his or another party’s personal purpose.
Corporate Entertainment / Gifts

a. Directors, Officers and employees shall strictly follow the principles of highest ethical business standards and comply with all relevant laws and regulations.

Towards this end, Directors, Officers and employees shall not accept corporate entertainment/gifts with an approximate value of more than Three Thousand Pesos (Php3,000.00) or anything that can or can be viewed to influence the manner on which a director, officer or employee may discharge his duties.

b. Within five (5) business days from receipt of corporate entertainment and gifts, directors, officers and employees are required to submit a report to the Board, in case of directors, or to their immediate supervisor and the Office of the Compliance Officer, in case of officers and employees. The report shall identify the giver, date of receipt, and type and approximate value of the corporate entertainment/gifts received.

Insider Trading

a. Directors, Officers and employees who have a direct or indirect knowledge, from time to time, of material facts or changes in the affairs of the Company, which have not been disclosed to the public, including any information likely to affect the market price of the Company’s shares, are restricted to buy or sell Manila Water shares during the following period:

b. Ten (10) calendar trading days before and three (3) calendar trading days after the disclosure of quarterly and annual financial results; and

c. Three (3) calendar trading days before and three (3) calendar trading days after the disclosure of any material information other than the above.

d. All Directors, Officers, and employees are required to report their trades on a quarterly basis to the Office of the Compliance Officer within fifteen (15) calendar days from the end of each quarter.

e. Directors and Officers who may be covered by the reporting requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) in respect of their shareholding in the Company or any changes thereof shall do so promptly and accurately. Notwithstanding anything to the contrary, the directors shall report their dealings in Company shares one (1) business day before the dealing and within three (3) business days after the dealing.

Disclosure

a. The Company hereby adopts a policy of prompt and adequate disclosure of all material facts or changes in the affairs of the Company including any information likely to affect the market price of the Company’s shares.
b. The Company shall ensure transparency of information to its shareholders, stakeholders and the public. It shall regularly and truthfully update its shareholders, stakeholders and the public on its financial and operational results, business prospects and all other relevant information.

c. The Company shall fully comply with all the disclosure and reporting requirements of the SEC, PSE and all other government and regulatory agencies.

d. Directors, Officers and employees shall not knowingly misrepresent or cause others to misrepresent information relating to the Company to government and regulatory agencies, independent auditors, the media or any other person.

e. No Director, Officer or employee shall disclose any confidential information obtained from the Company for personal gain or for the advantage of any other person. This prohibition shall include investment in securities and association with a competitor, customer or supplier of the Company.

**Creditor Rights**

a. The Company values its partnership with its creditors. The Company shall at all times, strictly comply with its covenants under its agreements with its creditors.

b. No distribution or disposal of assets of the Company shall be made except:

   - When allowed by the law; or
   - By decrease of capital stock; or
   - Upon lawful dissolution and after payment of all its debts and liabilities;
   - When allowed by the material agreements of the Company, but without prejudice to vested rights.

**Anti-Corruption**

The Company strictly prohibits giving facilitating payments to any private or government officials or employees, their agents or intermediaries in order to expedite or secure performance of any governmental action, or to gain any perceived or actual favor or advantage from any private or government entities. The Company must ensure that it and its directors, officers and employees fully comply with the laws governing bribes, unlawful payments and other corrupt practices.

(h) **State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance.** Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

In its Annual Reports (glossy and SEC Form 17A), the Company affirms its full compliance with the SEC Code of Corporate Governance.
Moreover, in a Certification dated January 30, 2017, Mr. Luis Juan B. Oreta, Chief Finance Officer and Treasurer, and the Compliance Officer, and Mr. Gerardo C. Ablaza, Jr., President and CEO of the Company, affirmed the Company’s full compliance with the Manual of Corporate Governance pursuant to Article V, Section 3 of the Manual of Corporate Governance.

H. ROLE OF STAKEHOLDERS

1) Disclose the company’s policy and activities relative to the following:

<table>
<thead>
<tr>
<th>Policy</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers’ welfare</td>
<td>The core principle of the Company is to conduct business honestly and fairly with its investors, suppliers, contractors, service providers, customers and employees.</td>
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<td></td>
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<tr>
<td>Supplier/contractor selection practice</td>
<td>The core principle of the Company is to conduct business honestly and fairly with its investors, suppliers, contractors, service providers, customers and employees.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

147
<table>
<thead>
<tr>
<th>Environmentally friendly value-chain</th>
<th>Officers and employees shall act honestly, ethically and in compliance with all applicable laws, rules and regulations and to protect the good name and reputation of the Company. Officers and employees involved in the procurement process for services, materials, supplies, and equipment shall strictly comply with the Company’s Procurement Policy.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term goal and programs for contractors</td>
<td>Manilla Water continually implements its Greening the Supply Chain through the provision of forums and seminars to its Contractors and Suppliers.</td>
</tr>
<tr>
<td>Training and development programs for contractors</td>
<td></td>
</tr>
<tr>
<td>Safety policy</td>
<td></td>
</tr>
<tr>
<td>Sustainability policy</td>
<td></td>
</tr>
<tr>
<td>Environmental protection initiatives</td>
<td></td>
</tr>
<tr>
<td>Greening the Supply Chain</td>
<td></td>
</tr>
<tr>
<td>Fair treatment of vendors</td>
<td></td>
</tr>
<tr>
<td>Payment method</td>
<td></td>
</tr>
<tr>
<td>Community interaction</td>
<td>Communicating Clearly and Responsibly</td>
</tr>
<tr>
<td>Communicating Clearly and Responsibly</td>
<td>When communicating to the public, Manila Water upholds truth in all its information, advertising, and marketing programs and materials. All promotions, advertising, and sponsorships are regarded as opportunities to inform and educate its stakeholders and the greater public of the environmental and social sustainability objectives under the goals of water access and security which the Company espouses. Promoting these advocacies also helps strengthen and enhance relations with the stakeholders, with the end views of determining areas of synergy and forging partnerships. Manila Water also provides innovative sponsorships by way of agreeing to be hydration sponsors for events such as fun runs and other</td>
</tr>
</tbody>
</table>
The Company has a strict policy and practice of checking all data and figures that will be released to the public. It adheres to the basic tenets of truth in advertising as set forth in the standards of the Philippine Association of National Advertisers, and complies strictly with the standards for transparent and accurate media reporting as put forth by the Kapisanan ng mga Broadkaster ng Pilipinas (KBP), a national association of broadcast practitioners, the Public Relations Society of the Philippines, International Association of Business Communicators, and the Foreign Correspondents Association of the Philippines.

The Corporation strictly prohibits giving facilitating payments to any private or government officials or employees, their agents or intermediaries in order to expedite or secure performance of any governmental action, or to gain any perceived or actual favor or advantage from any private or government entities. The Corporation must ensure that it and its directors, officers and employees fully comply with the laws governing bribes, unlawful payments and other corrupt practices.

Includes but not limited to:

a. timely submission of documentary reports or requirements under the loan agreements for the information to the lenders

b. constant communication with the lenders on the financial status of the Company

c. payment of obligations as scheduled

2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

For the years 2005 up to 2012, Manila Water has published its Sustainability Report. Manila Water has published its 2013-2014 Sustainability Report, a biennial report in accordance to the latest Global Reporting Initiative Guidelines G4- Core option.

The Company’s 2015 and 2016 Annual/Sustainability Reports are also available in its website. Published Sustainability Reports can be downloaded from the Manila Water website. In addition, the Annual Reports (glossy and SEC Form 17A) and the Definitive Information Statement of Manila Water issued every year and its website contain a section on Sustainability.

3) **Performance-enhancing mechanisms for employee participation.**

(a) **What are the company’s policy for its employees’ safety, health, and welfare?**

An orientation towards healthy and safe practices at work is ingrained in the culture of Manila Water.

Manila Water is committed to achieving customer satisfaction, upholding environmental sustainability and ensuring safety, preservation of life and health of its employees and all stakeholders. To achieve these objectives, it is the policy of Manila Water to:

a. Continuously assess, implement and improve its processes and the way it conducts its business by adopting best practices and keeping abreast with the latest innovations to ensure reliability and efficiency of its operations;

b. Ensure full compliance with relevant laws and standards in pollution prevention and environmental sustainability, safety and health protection, as well as applicable regulatory standards and customer requirements related to the quality of its products and services;

c. Build a strong culture committed to customer satisfaction, environmental protection, health and safety through education, training and awareness at all levels of the organization that will empower its employees, contractors, suppliers and stakeholders;

d. Actively promote the conservation and optimal use of precious resources by constantly creating and improving existing programs aimed at pollution prevention, waste minimization, resource conservation and environmental sustainability;

e. Systematically manage and control its health and safety risks through effective risk assessment processes; and

f. Regularly revisit, improve, develop and maintain its Quality, Environment, Health and Safety management system to ensure its effectiveness and relevance to the changing needs of the company to drive continuous improvement in operations, quality, environmental, health and safety performances.

(b) **Show data relating to health, safety and welfare of its employees.**

The Company has delivered consistently high performance in managing occupational health and safety. A total of 8.5 million safe-man hours has been recorded from February 2014 up to present. This is alongside the 2.1 Million safe-man hours achieved by the company’s subsidiaries both in the Philippines and in the Region. This consistent performance further demonstrates the company’s commitment to continuously promote health and safety practices.
The Company’s performance continued not only in our safe-man hours achievement but also in compliance to international and local standards as well. The company has regained its recertification status to OHSAS 18001 2016 in our Water Supply, Used Water and some operational support facilities. This is through the continuous efforts of our personnel in maintaining compliance to our safety standards and conduct of various training programs both for our employees and contractors. For 2016, 7,060 hours’ worth of safety training have been implemented across the enterprise. This includes trainings on safety standards, behavioral based safety, work environment monitoring, and construction safety management. To ensure compliance to safety standards, the company has conducted 173 safety audits across the enterprise. These were system wide audits and covered both operational facilities and projects under construction. Likewise, behavioral safety and work environment safety training have been included in our yearly training schedule which benefited our employees particularly in our Water Supply and Used Water facilities. For our construction safety management, the success of the Safety Officers Network (SON) continues to be an efficient way in promoting safety amongst our contractors. Last year, Safety Solutions has conducted nine (9) forums for our contractors and service providers. An efficient way of collaboration for our safety officers which will be embedded to our subsidiaries this year. Also, four (4) Joint Project Inspections has been conducted in 2016 in various construction sites with our project and construction managers. This is where they are able to showcase best practices in their project sites and audit other work sites on safety as well. And lastly, we have conducted also three (3) Basic Safety Trainings as part of our utility contractors program. This includes our fleet personnel, maintenance technicians and janitorial services.

In order to maintain a high level of commitment to safety, and as an addition to our 2017 programs, the company has focused on several key programs which will continue to support health and safety promotion. Firstly, it has established its maturity level on safety which uses an industry accepted way of analyzing companies performance and how well safety is practiced. As a result, the company attained a compliance level of maturity in its safety management. This means we have an established system that is being measured, managed and monitored. It also means, we have a high set of standards when it comes to safety and that these standards are followed and continuously enhanced. But the company has yet to become better than just compliance. There are still gaps that and issues that needs to be resolved in order for the company to be more “culture based” rather than “compliance based” safety matured. And this will continue to be strengthened through the years to come.

Secondly and to efficiently address issues on safety concerns, the restructuring and strengthening of the health and safety committee has been initiated by the company. A new structure of this committee was introduced which mainly focused on proper and efficient communication of safety issues and how these are resolved even up to the smallest unit in the company. Topics and issues like performance, safety programs, standards, Incidents, health wellness and worker’s participation are tackled as well as part of daily meetings of each business unit. This shall be introduced to our subsidiaries as well as part of improvement in managing safety.

(c) State the company’s training and development programmes for its employees. Show the data.

Manila Water reinforces human capital as the company’s competitive advantage by continuing to invest significantly on its talents’ training and development. The transition to competency-based training and development and performance management at both the individual and the organizational level took off as an integrated support for various forms and types of learning environments. It has been instituted to facilitate the development of the core, leadership and functional / technical competencies of Manila Water talents. Talents were equipped with the knowledge and skills required to perform their current jobs effectively as well as prepare them for future roles.
In 2016, a total of 30,700.53 training hours were logged by 1,108 employees who comprise approximately 80.58% of the Manila Water workforce across all levels of the organization. This translates to an average of 27.7 training hours or 3 training days per employee.

Learning and development, as well as knowledge sharing activities are now supported by an instructor led and online learning platform that is the Manila Water University. It is designed to conduct activities that foster individual and organizational learning and knowledge in support of the company’s business objectives.

As Manila Water recognizes that both leadership development and retaining institutional knowledge constitutes a valuable intangible asset for creating and sustaining competitive advantage, two development tracks were created to address specific development need: The Center for Leadership Excellence is a robust Leadership Development Program, while Manila Water’s Center for Technical Excellence, that aims to capture the company’s technical expertise, was set in motion through the development of a holistic technical curriculum.

Apart from the launch of the competency-based General Management School (GM School), kick-off of the competency-based Business Zone Leadership School (BZLS) and the relaunch of the Cadetship Training Program (CTP) that continue to help sustain the organization’s talent supply, in-house functional trainings such as Stakeholder Relations Management, Presentation Skills, Project Management, Business and Technical Writing, among others, were also provided to employees to help drive their performance at work.

(d) State the company’s reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company as a policy, assesses the individual performance of the officers and employees annually. Based on the metrics used, the performance of the officers and employees are rated and rewarded. Rewards are based on company performance and individual achievements, and target amounts are pre-determined prior to the applicable year and depends on market conditions.

4) What are the company’s procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

Under the Revised Code of Business Conduct and Ethics, Directors, Officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board, in case of directors, and to the immediate supervisor or to the Office of the Compliance Officer in case of officers and employees. The Corporation shall promptly identify and investigate any suspected fraudulent or dishonest acts. Without prejudice to applicable administrative sanctions, the Corporation may pursue civil and/or criminal actions against directors, officers and employees as may be warranted.\(^\text{248}\)

\(^{248}\) Revised Code of Business Conduct and Ethics, Section 4.5.
Below is the pertinent portion of the Whistle Blower Policy of the Company:

“5.1 All covered persons are required to immediately report all suspected or actual fraudulent or dishonest acts to the Board of Directors, in case of a Director and to the Line Manager/Immediate Superior and/or the Compliance Officer, in case of Officers and employees.

Such acts include, but are not limited to, the following:

(a) any criminal act or gross violation of any corporate governance policy of the Company;
(b) failure to comply with a legal duty through negligence or gross misconduct;
(c) any loss or damage to the Company due to fraud, corruption, or similar cause;
(d) conflicts of interest; and
(e) deliberate cover-up of any of the above acts.

7.1 Reporting Channels
Whistle blowers can initiate reports and complaints through in-person meetings or through any of the following channels: electronic mail; registered or regular mails, website of the Company, telephone call, and facsimile, as may be made available from time to time.

The Committee shall ensure the accessibility of the Reporting Channels when made available. The Whistle Blowers can communicate with the WB Committee through the following:

Telephone: +632 981 8179
Electronic Mail: whistleblower@manilawater.com
Regular Mail: Whistle Blower Committee
Manila Water Company, Inc.
Legal and Corporate Governance Department
2/F MWSS Administration Building,
489 Katipunan Road, Balara, Quezon City, Philippines

7.2 Form of Reports
The Committee will accept reports in any form and regardless of the channels used, as long as the information provided by the Whistle blower are adequate and sufficient pursuant to Section 7.6 Action on Complaints and Reports. However, the Whistle blower should be accessible to the Committee through a communication channel which may include but shall not be limited to, electronic mail, telephone, short messaging service, online chats, and other similar means.
The Whistle blower has the option to identify a particular member of the Committee with whom to communicate with regard to the reports and the complaint.

7.3 Acting in good faith
Anyone filing a complaint or report concerning a wrongdoing or suspected wrongdoing must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense if committed by a director, officer or employee and shall be a ground for dismissal of the complaint or report.

Good faith means that the Whistle blower has a reasonable suspicion that a fraudulent or dishonest act has occurred, is occurring or is likely to occur.

7.4 Protection from Retaliation
The Whistle blower shall be protected from any form of retaliation or discrimination by the concerned person, his co-employees or superiors.

7.5 Confidentiality
All Whistle blower complaints and reports including the identity of the whistle blower, witnesses and employees named in the Complaint and the report, as well as the activities and investigations undertaken pursuant to this Policy, will be treated in a confidential and sensitive manner, unless the Company is otherwise required or compelled by law or order of competent authority to release the information.

7.6 Action on Complaints and Reports
(a) The reports and the complaints shall be received by the Committee through any of the available reporting channels. Any channel the Whistle blower may choose will require a minimum level of information.

(b) The minimum information required for a report or complaint shall include:
   (i) Communication channel to the Whistle blower (e.g. e-mail address, contact number, chat name, etc.)
   (ii) Charges are specified, including the relevant material facts (e.g., nature of incident, time and places of the incident, process involved, evidence, and other important matters necessary to establish a case)
   (iii) The report should pertain to a matter relevant to the business of Manila Water. It must contain sufficient details and include supporting documents if available, to enable the Committee to properly investigate the incident reported and take the necessary action
   (iv) Urgency of the complaint

(c) Preliminary Investigations
Based on the reports of the Whistle blower, if sufficient, the Committee may cause the CAE, by himself, or through his duly authorized representatives/delegates, to conduct a discreet, preliminary audit or fact finding procedures to test the credibility of the information.
In case that the CAE finds the information lacking or not clear, the CAE shall, with the approval of the Committee, communicate with the Whistle blower using the communication channel the Whistle blower provided.

The CAE shall submit a report to the Committee on the results of the preliminary investigation. The report will include recommendation to pursue or terminate the investigation depending on the sufficiency of evidence and results of preliminary investigation. After the preliminary investigation has been completed and the Whistle blower report is verified, the Committee shall present to its members the report for appropriate action. Based on the preliminary investigation, the Committee shall decide whether to terminate or elevate the Whistle blower report to full investigation.

(d) Full Investigation
Upon determination by the Committee after the preliminary investigation, the investigation may proceed further. The Committee shall select the composition of the investigative team to conduct a thorough investigation of the report or compliant. The Committee shall ensure that the members of the investigative team has the appropriate capacity to investigate the concern. In case of concerns assessed to be out of the expertise of the Committee members, an external service provider may be called upon to do the investigation.

(e) After the full investigation has been completed the Committee shall present to its members the report for appropriate action. Based on the results of the full investigation, the Committee shall decide whether to terminate the complaint or prosecute any offense or violation in accordance with the procedures laid down in the relevant policy of the Company. The Committee shall ensure all offenses and violation identified are penalized and dealt with according to its respective disciplinary/corrective action. Copies of the resolutions will be included in the CHRG personnel records if it involves an employee.

(f) All cases within the scope of the Committee must be resolved within a reasonable time as determined from the time all relevant documents have been obtained.

(g) In case of imminent risks, the Compliance Officer shall be permitted to mobilize sufficient resources and departements/units of the Company to address and mitigate the same. Imminent risk shall be situations that require immediate attention as they pose significant risk to public health or safety, or a danger to the environment.

The Compliance Officer may also directly investigate any matter involving imminent risks, or delegate the conduct of investigation to any member of the Committee.”
## I. DISCLOSURE AND TRANSPARENCY

1) **Ownership Structure**
   (a) **Holding 5% shareholding or more**

### Data as of June 30, 2017

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares</th>
<th>Percent of class</th>
<th>Beneficial Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayala Corporation</td>
<td>866,946,196 common shares***</td>
<td>42.38%*</td>
<td>Ayala Corporation</td>
</tr>
<tr>
<td>PCD Nominee Corporation</td>
<td>102,778,981 common shares</td>
<td>5.00%*</td>
<td>Colonial First State Asset Management (Australia) Limited</td>
</tr>
<tr>
<td>Philwater Holdings Company, Inc.</td>
<td>3,999,999,998 participating preferred shares</td>
<td>100%**</td>
<td>Philwater Holdings Company, Inc.</td>
</tr>
</tbody>
</table>

*Based on the outstanding numbers of common shares (registered securities)  
**Based on the outstanding numbers of participating preferred shares  
***Inclusive of shares held through PCD (21,409,000) and Michigan Holdings, Inc. (1,000,000), a wholly owned subsidiary of Ayala Corporation

### Data as of June 30, 2017:

<table>
<thead>
<tr>
<th>Name of Senior Management</th>
<th>Number of Direct shares</th>
<th>Number of Indirect shares / Through (name of record owner)</th>
<th>% of Capital Stock*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferdinand M. dela Cruz</td>
<td>0</td>
<td>1,248,264 / ESOWN</td>
<td>0.06077395%</td>
</tr>
<tr>
<td>Luis Juan B. Oreta</td>
<td>0</td>
<td>1,572,727 / ESOWN and PCD</td>
<td>0.07657100%</td>
</tr>
<tr>
<td>Virgilio C. Rivera, Jr.</td>
<td>0</td>
<td>2,242,795 / ESOWN</td>
<td>0.10919445%</td>
</tr>
<tr>
<td>Geodino V. Carpio</td>
<td>0</td>
<td>1,629,800 / ESOWN and PCD</td>
<td>0.07934971%</td>
</tr>
<tr>
<td>Rodell A. Garcia</td>
<td>0</td>
<td>513,600 / ESOWN and PCD</td>
<td>0.02500553%</td>
</tr>
<tr>
<td>Abelardo P. Basilio</td>
<td>37,500</td>
<td>737,700 / ESOWN and PCD</td>
<td>0.03774199%</td>
</tr>
<tr>
<td>Thomas T. Mattison</td>
<td>0</td>
<td>274,100 / ESOWN</td>
<td>0.01334504%</td>
</tr>
<tr>
<td>Janine T. Carreon</td>
<td>28,000</td>
<td>200,300 / ESOWN</td>
<td>0.01111519%</td>
</tr>
<tr>
<td>Esmeralda R. Quines</td>
<td>0</td>
<td>735,390 / ESOWN and PCD</td>
<td>0.03580377%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>65,500</td>
<td>9,154,676 / ESOWN and PCD</td>
<td>0.44571165%</td>
</tr>
</tbody>
</table>

*Common Shares only
2) **Does the Annual Report disclose the following:**

The 2016 and 2015 Annual Reports of the Company disclose the following:

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key risks</td>
<td></td>
</tr>
<tr>
<td>Corporate objectives</td>
<td></td>
</tr>
<tr>
<td>Financial performance indicators</td>
<td></td>
</tr>
<tr>
<td>Non-financial performance indicators</td>
<td></td>
</tr>
<tr>
<td>Dividend policy</td>
<td></td>
</tr>
<tr>
<td>Details of whistle-blowing policy</td>
<td></td>
</tr>
<tr>
<td>Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners</td>
<td></td>
</tr>
<tr>
<td>Training and/or continuing education programme attended by each director/commissioner</td>
<td></td>
</tr>
<tr>
<td>Number of board of directors/commissioners meetings held during the year</td>
<td></td>
</tr>
<tr>
<td>Attendance details of each director/commissioner in respect of meetings held</td>
<td></td>
</tr>
<tr>
<td>Details of remuneration of the CEO and each member of the board of directors/commissioners</td>
<td></td>
</tr>
</tbody>
</table>

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) **External Auditor’s fee**

For 2017:

<table>
<thead>
<tr>
<th>Name of auditor</th>
<th>Audit Fee</th>
<th>Non-audit Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sycip Gorres Velayo and Co.</td>
<td>PhP2,100,000</td>
<td>-</td>
</tr>
</tbody>
</table>

*Note: Non-audit fee for 2017 will be determined after the end of the fiscal (audit) year.*
For 2016:

<table>
<thead>
<tr>
<th>Name of auditor</th>
<th>Audit Fee</th>
<th>Non-audit Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sycip Gorres Velayo and Co.</td>
<td>PhP2,000,000</td>
<td>PhP382,516</td>
</tr>
</tbody>
</table>

4) **Medium of Communication**

List down the mode/s of communication that the company is using for disseminating information.

The Company disseminates information through the following:

a. Philippine Stock Exchange Disclosures  
b. Securities and Exchange Commission reports and submissions  
c. Company website and world wide web  
d. Print media  
e. Company billboards  
f. Project Identification Cards  
g. Public Consultations with customers and stakeholders  
h. Roadshows both international and local  
i. Analysts Briefings and Press Briefings and conferences  
j. Social Networking sites (e.g. Facebook)  
k. Similar media

5) **Date of release of audited financial report:**

The 2016 Audited Consolidated Financial Statements of the Company was filed with the Securities and Exchange Commission and disclosed to the Philippine Stock Exchange on March 1, 2017, within 60 days from the end of the fiscal year 2016.

The 2015 Audited Consolidated Financial Statements of the Company was filed with the Securities and Exchange Commission and disclosed to the Philippine Stock Exchange on February 29, 2016, within 60 days from the end of the fiscal year 2015.

6) **Company Website**

Does the company have a website disclosing up-to-date information about the following?
<table>
<thead>
<tr>
<th>Business operations</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial statements/reports (current and prior years)</td>
<td>Yes</td>
</tr>
<tr>
<td>Materials provided in briefings to analysts and media</td>
<td>Yes</td>
</tr>
<tr>
<td>Shareholding structure</td>
<td>Yes</td>
</tr>
<tr>
<td>Group corporate structure</td>
<td>Yes</td>
</tr>
<tr>
<td>Downloadable annual report</td>
<td>Yes</td>
</tr>
<tr>
<td>Notice of AGM and/or EGM</td>
<td>Yes</td>
</tr>
<tr>
<td>Company's constitution (company's by-laws, memorandum and articles of association)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

<table>
<thead>
<tr>
<th>RPT</th>
<th>Relationship</th>
<th>Nature</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and Support Services Agreement with Ayala Corporation</td>
<td>Ayala Corporation as the Service Provider and Sponsor of the Company under the Concession Agreement with the government-owned and controlled Metropolitan Waterworks and Sewerage System</td>
<td>Service Agreement for the provision of services in relation to human resources, treasury, accounting, capital works, corporate services, regulatory affairs and administrative management of the Company. Under the Agreement, Ayala Corporation is required, as the Company’s sponsor, to provide technical and other knowledge, experience and skills as reasonably necessary for the development, administration and operation of the concession.</td>
<td>Reimbursements of Systems Cost.</td>
</tr>
</tbody>
</table>

For more information on Related Party Transactions, refer to Note 20 of the Audited Consolidated Financial Statements of the Company.

Parties are considered to be related to the Group if it has the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel and/or their close family
members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

In the normal course of business, the Group has transactions with related parties. The sales and investments made to related parties are made at normal market prices. Service agreements are based on rates agreed upon by the parties. Outstanding balances at year-end are unsecured and interest-free. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2016 and 2015, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

**When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?**

The Company shall avoid related party transactions. In instances where related party transactions cannot be avoided, the Company shall disclose all relevant information on the same, including information on the affiliated parties and the affiliation of directors and principal officers.249

In addition, the Company shall ensure that those related party transactions are arms-length-transaction.

On April 4, 2014, the Board, in its special meeting, approved the Policy on Related Party Transactions (RPT). The Policy on RPT has the following objectives:

a. To provide guidance on what constitutes Related Party Transactions;
b. To avoid conflict of interest and comply with regulatory and good governance practices;
c. To ensure that the appropriate process for approval of the transaction has been undertaken; and
d. To ensure compliance with the Disclosure Policy of the Corporation and disclosure requirements of Financial Statement Reporting.

On May 18, 2017, the Executive Committee approved the revisions to the Policy on RPT on the threshold of materiality of contract value is increased to Php50 million and some transactions are excluded from the coverage of the Policy (e.g. transactions in the normal course of business).

On June 8, 2017, the Board ratified and approved the revisions made to the Corporate Governance Manual and relevant Charters and Policies affected by the revised Manual, including the RPT Policy.

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249 Policy on Related Party Transaction, Statement of Policy
Below are the relevant provisions of the Policy on RPT:

“5. Disclosure Requirements:

5.1 The Company must comply with all disclosure requirements of RPT mandated under the Manual, and the applicable laws, rules and regulations.

5.2 The Related Parties must comply with all the disclosure requirements of RPTs required under applicable law, rules and regulations of the SEC, PSE and the BIR, and other relevant government agencies.

5.3 Each director, executive officer and members of the Key Management is responsible for providing written notice to the Office of the Compliance Officer of any potential RPT involving him or her or his or her Immediate Family Member, including any additional information about the transaction that may reasonably be requested by the Company.

The Office of the Compliance Officer, by himself, or in consultation with the Management Committee and with the Chief Legal Counsel or external counsel, as appropriate, will determine whether the notified transaction does, in fact, constitute a RPT requiring compliance with this Policy.

Disclosure of a RPT shall include information about the price of the transaction, outstanding balances, if any, major terms and conditions and guarantees, if any. The Office of the Compliance Officer may require additional and other relevant information sufficient to enable the Office of the Compliance Officer to determine any Conflict of Interest and the potential effect of the relationship.

5.4 In addition, each director, executive officer and member of the Key Management may be required to complete a questionnaire that inquires about their RPTs and those of their Immediate Family Members.

6. Guidelines Prior to entering into a RPT:

6.1 All RPTs shall have terms and conditions that are fair and equitable to the Company.

6.2 The approval, award, processing and payment of RPTs shall follow the same procedures as the other transactions and contracts of the Company. No unusual privilege or special treatment shall be afforded a Related Party.

6.3 In case of doubt on the nature of a transaction subject of investigation or review pursuant to this Policy, the Office of the Compliance Officer, in consultation with the Committee, shall determine whether the transaction or relationship constitutes a RPT, and whether the same shall be pursued taking into consideration the cost and benefit to the Company.
6.4 Prior to the award of any Material RPT, the Company shall submit the same for the review of the Committee to confirm that it has undergone the same process as an ordinary transaction and to determine that the Material RPT under review is in the best interest of the Company.

When a Material RPT is submitted to the Committee for review, the presence of at least two (2) independent directors shall be necessary to constitute a quorum of the Committee.

Non-Material RPTs shall be subject to the review and/or approval of the Compliance Officer.

7. **Internal Reporting of RPTs**

7.1 The following transactions, even if with a Related Party, are not subject to this Policy:

(a) Compensation of directors and employment of executive officers;
(b) Transactions with similar terms available to all employees generally;
(c) Banking, finance or insurance-related services and transactions with a Related Party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business;
(d) Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis;
(e) Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;
(f) Any transaction with a Related Party involving system cost recoveries, agreements or intercompany advances in exchange for rendering of services such as construction, construction management, procurement, engineering, property management, technical services, and other services in the ordinary course of doing business;
(g) Transfer of resources between wholly-owned subsidiaries of a common parent company.

7.2 The Compliance Officer shall prepare a monthly report on RPTs based on the disclosures and/or reports of RPTs submitted to the Compliance Officer.

The Report shall be submitted to the Accounting Department to be furnished the External Auditor for proper disclosure in the Financial Statements of the Company, if necessary under applicable financial reporting rules and policies.

8. **Prohibited RPTs**

8.1 Notwithstanding any provision of this Policy to the contrary, the following RPTs shall not be allowed:

(a) Loans and/or financial assistance to a Director;
(b) Loans and/or financial assistance to the Key Management, except when allowed pursuant to an established company benefit or plan
9. Sanctions

9.1 Non-compliance with any provision of this Policy, in particular, the reporting, and disclosure requirements, the guidelines prior to entering into RPT and the prohibited RPTs, shall result in the invalidation of the Contract involved in the RPT.

9.2 Any officer or employee of the Company who has knowledge of any violation of this Policy shall report the same to the Office of the Compliance Officer.

The Compliance Officer, shall report to the Committee all violations of this Policy.

9.3 The Committee shall have the authority to recommend to the Board of Directors the invalidation of the Contract.

9.4 This Policy shall be without prejudice to the provisions of the Code, the Manual of Corporate Governance and all related and relevant policies of the Company which shall be observed and shall apply to the fullest extent possible. In particular, RPTs shall not be allowed if it would present a conflict of interest for any Related Party as defined in the Code.”

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders’ Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders’ Meeting as set forth in its By-laws.

<table>
<thead>
<tr>
<th>Quorum Required</th>
<th>Attendance in person or by proxy of the Majority of the total outstanding voting capital stock of the Company</th>
</tr>
</thead>
</table>

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<table>
<thead>
<tr>
<th>System Used</th>
<th>By Poll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Unless otherwise provided by law, in all regular or special meeting of stockholders, the affirmative vote of stockholders</td>
</tr>
</tbody>
</table>
constituting at least a majority of the outstanding voting capital stock of the Company shall be necessary to approve matters requiring stockholders' action.\textsuperscript{250}

The polls are open for the stockholders to cast their votes either manually or electronically.

A stockholder may vote manually using the ballot provided to him upon registration and placing the voted ballot in the ballot boxes located at the registration table and inside the Ballroom.

A stockholder may vote electronically using any of the computers at the station for electronic voting outside the Ballroom. The paper ballot and the website platform for electronic voting set forth the proposed resolutions for consideration by the stockholders and each proposed resolution would be shown on the screen in front of the Ballroom as it is taken up at the meeting.

The Company also allows voting in absentia by sending out to each stockholder a ballot with a proxy form which must be submitted at least seven (7) days before the meeting. The votes in the ballot are counted even if the stockholder does not personally attend either through his designated proxy or the Chairman of the meeting as the proxy in default or in the absence of a designated proxy.

Each outstanding share of stock entitles the registered holder to one vote. The stockholders may cast their votes anytime during the meeting.

\textbf{(c) Stockholders' Rights}

List any Stockholders' Rights concerning Annual/Special Stockholders’ Meeting that differ from those laid down in the Corporation Code.

<table>
<thead>
<tr>
<th>Stockholders' Rights under The Corporation Code</th>
<th>Stockholders' Rights not in The Corporation Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-emptive rights</td>
<td>As a rule stockholders have pre-emptive right. However, the exceptions are with respect to shares of stock to be issued, sold or otherwise disposed of by the Company (i) to its officers and/or employees pursuant to a duly approved stock option, stock purchase, stock subscription or similar plans, or (ii) through a duly approved public offering of the primary shares of the Company.\textsuperscript{251}</td>
</tr>
</tbody>
</table>

\textsuperscript{250} Amended By Laws, Article II, Section 5.

\textsuperscript{251} Revised Articles of Incorporation, Seventh Article.
## Dividends

<table>
<thead>
<tr>
<th>Declaration Date</th>
<th>Record Date</th>
<th>Payment Date (Within 30 days from declaration)</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 20, 2014*</td>
<td>March 6, 2014</td>
<td>March 21, 2014</td>
</tr>
<tr>
<td>October 7, 2014*</td>
<td>October 21, 2014</td>
<td>November 5, 2014</td>
</tr>
<tr>
<td>November 27, 2014**</td>
<td>December 1, 2014</td>
<td>December 26, 2014</td>
</tr>
<tr>
<td>November 26, 2015**</td>
<td>December 10, 2015</td>
<td>December 22, 2015</td>
</tr>
<tr>
<td>November 22, 2016**</td>
<td>December 7, 2016</td>
<td>December 16, 2016</td>
</tr>
<tr>
<td>March 1, 2017*</td>
<td>March 15, 2017</td>
<td>March 31, 2017</td>
</tr>
</tbody>
</table>

*Dividends on common and participating preferred shares

**Dividends on the coupon rate of the participating preferred shares only

### (d) Stockholders’ Participation

1) **State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders’ Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders’ meetings.**

<table>
<thead>
<tr>
<th>Measures Adopted</th>
<th>Communication Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question and Answer after each Agenda Item</td>
<td>Stockholders are given opportunity to ask questions and seek clarifications regarding the agenda item. The Chairman makes an inquiry after each agenda item if there is any question or clarification regarding the agenda item prior to requesting for a motion for approval.</td>
</tr>
</tbody>
</table>
A question and answer portion is allotted during every stockholders’ meeting, prior to adjournment, to allow stockholders to ask questions regarding matters that concern them as stockholders of the Company.

2) **State the company policy of asking shareholders to actively participate in corporate decisions regarding:**

   a. **Amendments to the company’s constitution**
   
   This is subject to approval by stockholders’ owning or representing at least 2/3 of the outstanding voting capital stock of the Company.\(^{252}\)

   b. **Authorization of additional shares**
   
   This is subject to approval by stockholders’ owning or representing at least 2/3 of the outstanding voting capital stock of the Company.\(^{253}\)

   c. **Transfer of all or substantially all assets, which in effect results in the sale of the company**
   
   This is subject to approval by stockholders’ owning or representing at least 2/3 of the outstanding voting capital stock of the Company.\(^{254}\)

3) **Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?**

   Yes. For purposes of the 2017 Annual Stockholders Meeting held on April 17, 2017, the Company:

   a. Sent on March 7, 2017 via registered mail copies of the Notice and Agenda of ASM to the stockholders of record as of February 20, 2017;
   b. Published on March 12, 2017 in the Philippine Daily Inquirer, the Notice and Agenda of ASM;
   c. Sent the Definitive Information Statement starting March 17, 2017 via electronic mail, and thereafter, via registered mail in compact disc and hard copy formats

   This is because the Company is required to comply with Section 7 of the Revised PSE Disclosure Rules which provides that:

   For the holding of any stockholders’ meeting, the Philippine Stock Exchange must be given a written notice thereof at least ten (10) trading days prior to the record date fixed by the Issuer. The notice must include all the necessary details including the time, venue and agenda of the meeting

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\(^{252}\) Corporation Code, Section 16.  
\(^{253}\) Ibid. 
\(^{254}\) Corporation Code, Section 40.
and the inclusive dates when the stock and transfer books will be closed. The Issuer shall further submit within five (5) trading days after the record date the list of stockholders who are entitled to notice and to vote at a regular or special stockholders’ meeting.

The disclosure to the PSE also serves as the initial notice of the meeting to the stockholders. Thereafter, the stockholders will still be furnished with the Definitive Information Statement at least fifteen (15) working days prior to the meeting.

a. **Date of sending out notices:**

For purposes of the 2017 Annual Stockholders Meeting held on April 17, 2017, the Company:

a. Sent on March 7, 2017 via registered mail copies of the Notice and Agenda of ASM to the stockholders of record as of February 20, 2017;

b. Published on March 12, 2017 in the Philippine Daily Inquirer, the Notice and Agenda of ASM;

c. Sent the Definitive Information Statement starting March 17, 2017 via electronic mail, and thereafter, via registered mail in compact disc and hard copy formats

For purposes of the 2016 Annual Stockholders Meeting held on April 11, 2016, the Company:

a. Sent on March 2, 2016 via registered mail copies of the Notice and Agenda of ASM to the stockholders of record as of February 19, 2016;

b. Published on March 12 and 13, 2016, respectively, in the Philippine Daily Inquirer and Philippine Star, the Notice and Agenda of ASM;

c. Sent the Definitive Information Statement starting March 9, 2016 via electronic mail, and thereafter, via registered mail in compact disc and hard copy formats

b. **Date of the Annual/Special Stockholders’ Meeting:**

The 2017 ASM was held on April 17, 2017

The 2016 ASM was held on April 11, 2016
4) **State, if any, questions and answers during the Annual/Special Stockholders’ Meeting.**

The Questions and Answers during the April 17, 2017 ASM are as follows:

<table>
<thead>
<tr>
<th>Stockholder:</th>
<th>Query:</th>
<th>Response:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roberto Chua Go</td>
<td>Is there a map of the cities covered or a map of the coverage of the East Zone in the Annual Report?</td>
<td>Mr. Luis Juan B. Oreta said that the territory covered by the East Zone is in the Integrated Annual and Sustainability Report(^{255}). He also offered to provide Mr. Go with the map of the East Zone.</td>
</tr>
<tr>
<td>Jerry Uy Dy</td>
<td>Mr. Dy noted the Company’s net income projection of about Php11 billion in 2020. According to him, to reach this projection, the Company will require a 20% increase in earnings every year. He remarked that this might too ambitious and considering that the business is heavily regulated, he inquired if this is achievable.</td>
<td>Mr. Ablaza said that the goal is indeed a big stretch, but is worth pursuing and can be achieved provided that the Company is able to undertake and execute its plans. This includes being successful not only with the plans for geographic expansion (i.e. expanding the current business model in new territories, outside of the Manila concession in the Philippines and in the region) but also with the plans and projections for vertical integration, particularly of the Manila Water Total Solutions product, among others. He added that it is also important to keep the profitability of the Manila concession stable to be able to achieve the 2x in 20xx goal.</td>
</tr>
<tr>
<td>Gaudencio S. Hernandez, Jr.</td>
<td>Mr. Hernandez congratulated the Board and the management for the excellent performance of the Company. However, he said that he noticed in the Risk assessment of the Company that there was no mention of the potential effect of a big earthquake in Metro Manila. In this regard, he inquired how the Company has prepared the business in the event of such earthquake.</td>
<td>Mr. Ablaza said that earthquake is one of the top risks identified for Manila Water. He added that the management is very conscious of the fact that a 7.2 magnitude earthquake will cause significant damage to Metro Manila which includes the collapse of bridges and road ways. Considering this scenario, the Company has divided Metro Manila into four quadrants, with each quadrant capable of providing basic support and assistance. For example, in each of the quadrant, there will be a portable or mobile treatment plant to ensure sufficient supply of water for the quadrant. The Company will also cause the construction of additional reservoirs so that in the event of failure of...</td>
</tr>
</tbody>
</table>

\(^{255}\) The Manila Concession area is described on page 124 of the Integrated Annual and Sustainability Report. It encompasses 23 cities and municipalities spanning 1,400 square kilometer area that includes Makati, Mandaluyong, Pasig, Pateros, San Juan, Taguig, Marikina, most parts of Quezon City, portions of Manila, as well as the following towns of Rizal: Angono, Antipolo, Baras, Binangonan, Cainta, Cardona, Jala-Jala, Morong, Pililia, Rodriguez, San Mateo, Tanay, Taytay and Teresa.
the normal distribution and supply lines, there will be reliable and sustainable supply of water.

Mr. Oreta added that in the statement of the Top Risks in the Integrated Annual and Sustainability Report, the Company has identified Business Continuity which is a risk connected with the failure to ensure recovery and continuity of business operations due to natural events, terrorist activities, emergencies, or other physical circumstances such as climate change. Natural events which include earthquake trigger Business Continuity risk.

Mr. Hernandez also inquired if the Company has obtained insurance for earthquake risks.

Mr. Ablaza said the Company has sufficiently allocated and provided in its business plan for the capital expenditures necessary to remediate damages caused by a 7.2 magnitude earthquake.

Mr. Oreta added that the Company undertakes an annual review of its insurance coverages, and to the extent permissible and acceptable to insurers, the assets of the Company are duly covered. On the other hand, there are certain risks that the Company has decided to absorb (e.g. by providing for sufficient contingencies). He assured the stockholders that for the most part, the Company is covered by appropriate and sufficient insurances.

The Questions and Answers during the April 11, 2016 ASM are as follows:

<table>
<thead>
<tr>
<th>Stockholder:</th>
<th>Query:</th>
<th>Response:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephen G. Soliven</td>
<td>Are there legal cases filed against Manila?</td>
<td>Mr. Gerardo C. Ablaza, Jr., the President and CEO, responded that...</td>
</tr>
</tbody>
</table>

256 Business Continuity risk is found on page 98 of the Annual Report. The mitigation strategies for this risk include: Drills are regularly conducted following contingency standards, procedures and processes which increased employees' readiness and awareness on emergency protocols; and Emergency Response Plans are continuously reviewed and enhanced. This resulted to continuous operations of facilities even during natural calamities such as floods and incidents such as power interruptions. In addition, a Resiliency and Business Interruption Study was conducted and results were incorporated in rate rebasing masterplan and insurance program.

257 Some risks are not insurable, or some risks are not acceptable to insurance companies.
there are a number of legal suits involving Manila Water but the most significant of which are the cases now pending with the Supreme Court and filed against Manila Water, together with Maynilad Water Services, Inc. (“Maynilad”) and the Metropolitan Waterworks and Sewerage System (MWSS), which cases raise the following similar issues, among others:

a. a challenge to the validity of the concession agreement with the MWSS;
b. whether Manila Water and Maynilad, as concessionaires of the MWSS, are public utilities; and
c. whether Manila Water and Maynilad, as concessionaires of MWSS, are eligible to recover their corporate income taxes

As regards the other cases, the President mentioned that they are being attended to, and do not pose significant risks to the Company at this time.

Note: In the Definitive Information Statement of the Company for its 2016 Annual Stockholders Meeting, the Company listed some of the most relevant and important legal proceedings involving the Company.

| Jose Leonardo | How many trees were planted in 2015? | Mr. Ablaza directly responded to the second question of Mr. Lorenzo, and he said that the Company actually initiated a project for a treatment plant that will extract water from Laguna Lake to produce 15 million liters per day (MLD) of treated water. This treatment plant is expandable to 100 mld and is one of the ways the Company will provide for and ensure water supply reliability because 97% of Metro Manila’s water source is the Angat Dam.

On the first question, Mr. Ablaza mentioned that the Company is significantly involved in tree-planting initiatives in watersheds but he referred the question to Mr. Mark M. Mulingbayan, the Head of the Sustainability Department of Manila Water, for further details. |
Mr. Mulingbayan said that the Company measures its tree-planting activities not by the number of trees, but by the number of hectares of land planted because the more important aspect of this activity is the survival rate of the trees planted and the number of hectares of land covered. In this regard, he mentioned that the Company has completed planting 500 hectares out of the 4,000 hectares of the Marikina watershed. In addition, the Company is also involved in the watershed management program of the Marikina watershed and the La Mesa watershed, as well as those of the watershed management program and activities of its subsidiaries in Boracay Island, Clarkfield, Pampanga and Laguna. He further assured the stockholders that the Company continues to cooperate with the watershed managers from the government to make sure that the watersheds are protected and rehabilitated because they are the sources of raw water supply of the Company.

Dr. Alan Robert R. Karaan

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the source of water for the Cebu Bulk Water Supply Project?</td>
<td>The water supply for the project is obtained by the Luyang River in the town of Carmen, which is around 35 kilometers from the city of Cebu. A 35 km pipeline had to be constructed to convey water from the Luyang River.</td>
</tr>
<tr>
<td>Considering that there is El Nino, will the Company ration water to its customers?</td>
<td>Mr. Ablaza acknowledged that ground water source is seriously depleted in Cebu. On the second query, Mr. Ablaza said that around the third quarter of 2015, the Company was worried that there might not be enough water supply due to the El Nino phenomenon. However, the tropical depression “Lando” brought with it sufficient water which filled the Angat Dam. Towards the end of the year, the Angat Dam level was above spilling level, for which reason the Company does not foresee any water shortage problem during the current year.</td>
</tr>
</tbody>
</table>
Esperanza S. Lopez: Which concessionaire of MWSS (Manila Water and Maynilad) charges higher tariffs?

Mr. Ablaza responded that the tariffs in the East Zone concession (operated by Manila Water) and in the West Zone (operated by Maynilad) are not the same. The tariff being charged by Manila Water in the East Zone is cheaper by 20% than the tariff being charged by Maynilad in the West Zone. The reason for this is that each concessionaire has a different set of programs of operating and capital expenditures and the tariff is determined according to the value of the approved expenditure plan of the concessionaire.

5) Result of Annual/Special Stockholders’ Meeting’s Resolutions

Results of the 2017 ASM:

<table>
<thead>
<tr>
<th>Resolution</th>
<th>For</th>
<th>Against</th>
<th>Abstain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval of minutes of previous meeting</td>
<td>5,480,621,260</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Approval of the Annual Report and the 2016 Audited Financial Statements</td>
<td>5,472,911,050</td>
<td>682,500</td>
<td>7,027,710</td>
</tr>
<tr>
<td>Appointment of SGV as External Auditor</td>
<td>5,474,349,250</td>
<td>0</td>
<td>6,270,010</td>
</tr>
</tbody>
</table>

Results of Election of Directors at the 2017 ASM:

<table>
<thead>
<tr>
<th>Nominees</th>
<th>For**</th>
<th>%</th>
<th>Against*</th>
<th>%</th>
<th>Abstain*</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>5,426,327,013</td>
<td>89.63%</td>
<td>54,291,247</td>
<td>0.90%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>5,431,875,491</td>
<td>89.72%</td>
<td>48,743,769</td>
<td>0.81%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Gerardo C. Ablaza, Jr.</td>
<td>5,456,408,154</td>
<td>90.13%</td>
<td>24,210,106</td>
<td>0.40%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Antonino T. Aquino</td>
<td>5,435,713,932</td>
<td>89.79%</td>
<td>44,904,328</td>
<td>0.74%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>5,434,238,941</td>
<td>89.76%</td>
<td>46,379,319</td>
<td>0.72%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>John Eric T. Francia</td>
<td>5,435,713,932</td>
<td>89.79%</td>
<td>44,904,328</td>
<td>0.74%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Ferdinand M. Dela Cruz</td>
<td>5,442,095,454</td>
<td>89.89%</td>
<td>38,522,806</td>
<td>0.64%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Jaime C. Laya (Independent)</td>
<td>5,376,465,753</td>
<td>88.81%</td>
<td>96,363,207</td>
<td>1.59%</td>
<td>6,270,000</td>
<td>0.10%</td>
</tr>
<tr>
<td>Nominees</td>
<td>For</td>
<td>%</td>
<td>Against</td>
<td>%</td>
<td>Abstain</td>
<td>%</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------</td>
<td>-------</td>
<td>------------</td>
<td>-------</td>
<td>---------</td>
<td>----</td>
</tr>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>5,444,244,814</td>
<td>89.93%</td>
<td>77,024,541</td>
<td>1.27%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>5,446,754,764</td>
<td>89.97%</td>
<td>68,270,441</td>
<td>1.13%</td>
<td>6,270,000</td>
<td>0.10%</td>
</tr>
<tr>
<td>Gerardo C. Ablaza, Jr.</td>
<td>5,506,192,805</td>
<td>90.95%</td>
<td>15,076,400</td>
<td>0.25%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Antonino T. Aquino</td>
<td>5,492,341,505</td>
<td>90.72%</td>
<td>28,927,700</td>
<td>0.48%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>5,487,348,905</td>
<td>90.64%</td>
<td>33,920,300</td>
<td>0.56%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>John Eric T. Francia</td>
<td>5,492,341,505</td>
<td>90.72%</td>
<td>28,927,700</td>
<td>0.48%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Victoria P. Garchitorena</td>
<td>5,436,076,864</td>
<td>89.79%</td>
<td>85,192,341</td>
<td>1.41%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Jaime C. Laya (Independent)</td>
<td>5,474,294,755</td>
<td>90.43%</td>
<td>40,704,450</td>
<td>0.67%</td>
<td>6,270,000</td>
<td>0.10%</td>
</tr>
<tr>
<td>Jose L. Cuisia, Jr.</td>
<td>5,501,487,605</td>
<td>90.87%</td>
<td>19,781,600</td>
<td>0.33%</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
**Based on the proxy votes**

**Votes “Against” have no effect on the outcome of the elections. Under the Corporation Code of the Philippines, the election of directors is by plurality of votes. Abstentions also have no effect on the outcome of the elections. Under the Corporation Code of the Philippines, shareholders have the right to cumulative voting to ensure minority shareholders’ representation in the Board of Directors. A shareholder is entitled to one vote per share times the number of directors to be elected. He may cumulate his votes all in favor of one candidate, or distribute them equally or in any proportion among the candidates.**

6) **Date of publishing of the result of the votes taken during the most recent ASM for all resolutions:**

The results of the 2017 ASM was disclosed to the PSE immediately after the ASM. In addition, the results of voting in the 2017 ASM was published on the website of the Company immediately on the next day. The minutes of meeting was also posted on the Company website starting April 24, 2017, or within five (5) days from the date of the meeting on April 17, 2017.

The results of the 2016 ASM was disclosed to the PSE immediately after the ASM. In addition, the results of voting in the 2016 ASM was published on the website of the Company immediately on the next day.

(e) **Modifications**

State, if any, the modifications made in the Annual/Special Stockholders’ Meeting regulations during the most recent year and the reason for such modification:

The following modifications were applied to the proceedings of the ASM starting at the ASM held on April 15, 2013:

<table>
<thead>
<tr>
<th>Modifications</th>
<th>Reason for Modification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Validation of votes by independent body</td>
<td>For transparency of proceedings</td>
</tr>
<tr>
<td>Use of ballots that includes all resolutions for stockholders’ approval</td>
<td>For transparency of proceedings and to give stockholders sufficient information on the proposals to be approved</td>
</tr>
</tbody>
</table>
In addition to the modifications applied for the ASM conducted for 2013, the following mechanism was applied to the proceedings of the ASM conducted last April 4, 2014, April 7, 2015, April 11, 2016 and April 17, 2017:

<table>
<thead>
<tr>
<th>Modifications</th>
<th>Reason for Modification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Voting</td>
<td>To facilitate voting procedure and counting of votes</td>
</tr>
</tbody>
</table>

(f) Stockholders’ Attendance

(i) Details of Attendance in the Annual/Special Stockholders’ Meeting Held:

Details of Attendance in the 2016 and 2017 ASM:

<table>
<thead>
<tr>
<th>2016 Annual Stockholders Meeting</th>
<th>2017 Annual Stockholders Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Names of Board Members/Officers present</strong></td>
<td><strong>Names of Board Members/Officers present</strong></td>
</tr>
<tr>
<td>The Board members present were:</td>
<td>The Board members present were:</td>
</tr>
<tr>
<td>Fernando Zobel de Ayala (Chairman of the Board)</td>
<td>Fernando Zobel de Ayala (Chairman of the Board)</td>
</tr>
<tr>
<td>Jaime Augusto Zobel de Ayala (Vice Chairman)</td>
<td>Jaime Augusto Zobel de Ayala (Vice Chairman)</td>
</tr>
<tr>
<td>Gerardo C. Ablaza, Jr. (President and CEO)</td>
<td>Gerardo C. Ablaza, Jr. (President and CEO)</td>
</tr>
<tr>
<td>Antonino T. Aquino</td>
<td>Antonino T. Aquino</td>
</tr>
<tr>
<td>John Eric T. Francia</td>
<td>John Eric T. Francia</td>
</tr>
<tr>
<td>Victoria P. Garchitorena</td>
<td>Victoria P. Garchitorena</td>
</tr>
<tr>
<td>Sherisa P. Nuesa (Independent Director)</td>
<td>Sherisa P. Nuesa (Independent Director)</td>
</tr>
<tr>
<td>Oscar S. Reyes (Independent Director; Chairman of Audit Committee)</td>
<td>Oscar S. Reyes (Independent Director; Chairman of Audit Committee)</td>
</tr>
<tr>
<td>Jose L. Cuisia, Jr. (Independent Director)</td>
<td>Jose L. Cuisia, Jr. (Independent Director)</td>
</tr>
<tr>
<td>Jaime C. Laya (Independent Director)</td>
<td>Jaime C. Laya (Independent Director)</td>
</tr>
</tbody>
</table>

The Key Officers present, among others, were:

<table>
<thead>
<tr>
<th>2016 Annual Stockholders Meeting</th>
<th>2017 Annual Stockholders Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gerardo C. Ablaza, Jr. (President and CEO)</td>
<td>Gerardo C. Ablaza, Jr. (President and CEO)</td>
</tr>
<tr>
<td>Luis Juan B. Oreta (Chief Finance Officer and Treasurer)</td>
<td>Luis Juan B. Oreta (Chief Finance Officer and Treasurer)</td>
</tr>
<tr>
<td>Ferdinand M. dela Cruz (Chief Operating Officer, MWO)</td>
<td>Ferdinand M. dela Cruz (Chief Operating Officer, MWO)</td>
</tr>
<tr>
<td>Virgilio C. Rivera, Jr. (Chief Operating Officer, New Business)</td>
<td>Virgilio C. Rivera, Jr. (Chief Operating Officer, New Business)</td>
</tr>
</tbody>
</table>
The members of the senior management team of the Company were also all in attendance.

<table>
<thead>
<tr>
<th>Date of Meeting</th>
<th>April 11, 2016</th>
<th>April 17, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting Procedures (by poll, show of hands, etc.)</td>
<td>By Poll (electronic and manual voting through the use of ballots and computers)</td>
<td>By Poll (electronic and manual voting through the use of ballots and computers)</td>
</tr>
<tr>
<td>Percentage of Shareholders Attending in Person</td>
<td>0.19%</td>
<td>0.24%</td>
</tr>
<tr>
<td>Percentage of Shareholders in Proxy</td>
<td>91.04%</td>
<td>90.29%</td>
</tr>
<tr>
<td>Total Percentage of Shareholders in Attendance</td>
<td>91.23%</td>
<td>90.53%</td>
</tr>
</tbody>
</table>

*No special meeting for the stockholders was held in 2016.*
Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

For the 2017 ASM, the Company appointed the firm of Sycip Gorres Velayo and Company to validate the votes at the 2017 ASM. The counting and validating of votes were primarily performed by the Committee of Inspectors of Ballots and Proxies, in coordination with the Office of the Corporate Secretary.

For the 2016 ASM, the Company appointed the firm of Sycip Gorres Velayo and Company to validate the votes at the 2016 ASM. The counting and validating of votes were primarily performed by the Committee of Inspectors of Ballots and Proxies, in coordination with the Office of the Corporate Secretary.

Do the company’s common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

All shares of the Company, regardless of class, have the same voting rights and carry one vote each.\(^{258}\)

Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders’ Meeting.

<table>
<thead>
<tr>
<th>Company’s Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Execution and acceptance of proxies</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Notary</td>
</tr>
<tr>
<td>Submission of Proxy</td>
</tr>
</tbody>
</table>

\(^{258}\) Amended Articles of Incorporation, Seventh Article.  
\(^{259}\) Corporation Code, Section 58; Charter of the Committee of Inspectors of Ballots and Proxies  
\(^{260}\) By Laws, Article II, Section 7; Charter of the Committee of Inspectors of Ballots and Proxies  
\(^{261}\) By Laws, Article II, Section 7; Charter of the Committee of Inspectors of Ballots and Proxies
### Several Proxies

Stockholders may authorize such number of proxies to represent them in the stockholders meeting.

In case of shares of stock owned jointly by two or more persons, in order to vote the same, the consent of all the co-owners shall be necessary, unless there is a written proxy, signed by all the co-owners authorizing one or some of them or any other person to vote such shares: Provided that when the shares are owned in an “and/or” capacity by the holders thereof, any one of the joint owners can vote said shares or appoint a proxy therefor.\(^{262}\)

### Validity of Proxy

Generally, a proxy is valid for five (5) years, unless, the proxy specifically states that it is valid only for the meeting for which it is intended.\(^{263}\)

Any doubt on the validity of the Proxy shall be resolved in the stockholders’ favor.\(^{264}\)

### Proxies executed abroad

No formal requirement for proxies executed abroad.

### Invalidated Proxy

Any doubt on the validity of the Proxy shall be resolved in the stockholders’ favor.\(^{265}\)

### Validation of Proxy

Validation of the proxies shall be conducted by the Committee of Inspectors of Ballots and Proxies at least five (5) days prior to the date of the stockholders’ meeting.\(^{266}\)

### Violation of Proxy

Any doubt on the Validity of the Proxy shall be resolved in the stockholders’ favor.\(^{267}\)

### Sending of Notices

State the company’s policies and procedure on the sending of notices of Annual/Special Stockholders’ Meeting.

<table>
<thead>
<tr>
<th>Policies</th>
<th>Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notices for Regular/Annual or Special Stockholders Meeting</td>
<td>The annual stockholders’ meeting is held on any day in April, and the schedule is approved by the Board at its last regular meeting of the year. The stockholders are first notified of the schedule of the annual stockholders’ meeting when the same is disclosed to the PSE after the Board approves the same at its regular meeting. The disclosure to the PSE thus serves as the initial notice of the meeting to</td>
</tr>
</tbody>
</table>

\(^{262}\) Corporation Code, Section 56; Charter of the Committee of Inspectors of Ballots and Proxies  
\(^{263}\) Corporation Code, Section 58; Charter of the Committee of Inspectors of Ballots and Proxies  
\(^{264}\) Manual of Corporate Governance; Charter of the Committee of Inspectors of Ballots and Proxies  
\(^{265}\) Manual of Corporate Governance; Charter of the Committee of Inspector of Ballots and Proxies  
\(^{266}\) Amended By Laws, Article II, Section 7; Charter of the Committee of Inspectors of Ballots and Proxies  
\(^{267}\) Manual of Corporate Governance; Charter of the Committee of Inspector of Ballots and Proxies
The Company then complies with the requirements of the Securities and Exchange Commission and the Philippine Stock Exchange on notification and disclosure rules. Notwithstanding the foregoing rules, the Company ensures that stockholders are provided with the notice of the date, time, place and agenda at least twenty one (21) business days prior to the scheduled meeting, either by registered mail, electronic mail or publication, or other means permitted under its By Laws.

**Under the Revised PSE Disclosure Rules:**

For the holding of any stockholders’ meeting, the Philippine Stock Exchange must be given a written notice thereof at least ten (10) trading days prior to the record date fixed by the Issuer. The notice must include all the necessary details including the time, venue and agenda of the meeting and the inclusive dates when the stock and transfer books will be closed. The Issuer shall further submit within five (5) trading days after the record date the list of stockholders who are entitled to notice and to vote at a regular or special stockholders’ meeting.268

Thereafter, the stockholders will still be furnished with the Definitive Information Statement at least fifteen (15) working days prior to the meeting.

**Under the By Laws:**

Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery, postal or electronic mail, telegraph, or cable at least fifteen (15) working days prior to the date of the meeting to each stockholder of record at his address as it appears on the record of the stockholders of the Corporation or by publication in a newspaper of general circulation. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting.

The requirement of notice to the meeting shall be deemed waived if the stockholder, in person or by proxy, shall be present thereat.

268 PSE Revised Disclosure Rules, Section 7.
When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

The notice of any regular or special meeting of stockholders shall be deemed to have been given at the time when delivered personally or deposited in the post office, or sent electronically or by e-mail and addressed as herein provided.\(^{269}\)

### Provision of Information or Documents to Stockholders

The Company may provide information or documents to a stockholder by e-mail or by posting the information or documents on the website of the Company or another electronic network provided that a separate notice is given to the stockholder of such posting. In case the Company provides information or documents by electronic posting, the information or documents shall be deemed delivered or given upon the later of (i) the posting of the information or documents or (ii) the giving of a separate notice to the stockholder of such specific posting.\(^{270}\)

There shall be an Investor Relations Office within the Company, which shall be tasked with:\(^ {271}\):

i. Creation and implementation of an investor relations program that reaches out to all shareholders and fully informs them of corporate activities;

ii. Formulation of a clear policy on communicating or relating relevant information to Company stakeholders and to the broader investor community accurately, effectively and sufficiently;

iii. Preparation of disclosure documents to the SEC and the Philippine Stock Exchange;

iv. Dissemination of this Manual, and the conduct of an orientation program for the Board and Management, in coordination with the Corporate Secretary and the Compliance Officer.

### Electronic Notice and Provision of Information or Documents to Stockholders

The Company shall give notice and provide information and documents electronically, as provided above, only to stockholders who have consented to receive notices, information or documents by e-mail or electronic transmission. A stockholder shall be deemed to have consented to receiving notices,\(^ {269}\)

\(^ {269}\) Amended By Laws, Article II Section 4

\(^ {270}\) Manual of Corporate Governance, Article XII, (12.3)
(i) Definitive Information Statements and Management Report

For the April 17, 2017 ASM:

<table>
<thead>
<tr>
<th>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</th>
<th>1,334</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</td>
<td>March 17, 2017</td>
</tr>
<tr>
<td>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</td>
<td>March 17, 2017</td>
</tr>
<tr>
<td>State whether CD format or hard copies were distributed</td>
<td>CD format and hardcopies were given to the stockholders. Soft copy of the DIS were also mailed electronically to stockholders who indicated their electronic mail addresses.</td>
</tr>
<tr>
<td>If yes, indicate whether requesting stockholders were provided hard copies</td>
<td>Requesting stockholders were provided with hardcopies.</td>
</tr>
</tbody>
</table>

For the April 11, 2016 ASM:

<table>
<thead>
<tr>
<th>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</th>
<th>1,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</td>
<td>March 9, 2016</td>
</tr>
<tr>
<td>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</td>
<td>March 9, 2016</td>
</tr>
<tr>
<td>State whether CD format or hard copies were distributed</td>
<td>CD format and hardcopies were given to the stockholders.</td>
</tr>
</tbody>
</table>

---

272 Amended By Laws, Article II, Section 4
Soft copy of the DIS were also mailed electronically to stockholders who indicated their electronic mail addresses.

If yes, indicate whether requesting stockholders were provided hard copies

Requesting stockholders were provided with hardcopies.

(j) Does the Notice of Annual/Special Stockholders’ Meeting include the following:

| Each resolution to be taken up deals with only one item. | YES |
| Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election. | YES |
| The auditors to be appointed or re-appointed. | YES |
| An explanation of the dividend policy, if any dividend is to be declared. | YES, dividend policy was explained in the Definitive Information Statement, but Cash Dividends are not required to be approved during stockholders meeting |
| The amount payable for final dividends. | Cash Dividends are not required to be approved during stockholders meeting. The Company has not yet declared stock dividends that would require approval by the stockholders. |
| Documents required for proxy vote. | YES |

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

The dividend policy was included in the Definitive Information but the amount payable for final dividends are not included in the notice of stockholders’ meeting because the declaration of cash dividends is not required to be approved by the stockholders as these are matters only for board approval. The Company has not yet declared cash dividends which would require approval of the stockholders.

Nevertheless, declaration of cash dividends by the Board of Directors are disclosed pursuant to the disclosure rules of the Securities and Exchange Commission and the Philippine Stock Exchange.
2) Treatment of Minority Stockholders

(a) State the company’s policies with respect to the treatment of minority stockholders.

<table>
<thead>
<tr>
<th>Policies</th>
<th>Implementation</th>
</tr>
</thead>
</table>
| Right to Information | In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information, and if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders’ meeting provided always that this right of access is conditioned upon the requesting shareholders’ having a legitimate purpose for such access.  
  
  The stockholders shall also have an opportunity during the stockholders’ meeting to ask questions and raise their issues relevant to the agenda items. The minutes of the meeting record the shareholder questions and corresponding answers given by the directors and officers of the Company.  
  
  The Board also 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. In addition, the Minutes of the Annual and Special Shareholders’ Meeting are made available on the Company website within five (5) business days from the end of the meeting. |
| Duty to Promote Shareholder rights | It is the duty of the directors to promote shareholders rights, remove impediments to the exercise of shareholders rights and provide effective redress for violation of their rights. They shall encourage the exercise of shareholders’ voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.  
  
  The Board should be transparent and fair in the conduct of the annual and special stockholders’ meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws, the exercise of that right shall not be unduly restricted and any reasonable doubt about the validity of a proxy should be resolved in the stockholder’s favor. |
<table>
<thead>
<tr>
<th>Voting Right/Removal of directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of a meeting and the right to propose items in the agenda of the meeting that relate directly to legitimate business purposes, all in accordance with the By-laws.</td>
</tr>
<tr>
<td>Cumulative voting shall be used in the election of directors. Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board.273</td>
</tr>
<tr>
<td>All shares of the Company, regardless of class, have the same voting rights.274</td>
</tr>
<tr>
<td>Each share of stock is entitled to one vote.</td>
</tr>
<tr>
<td>In all items for approval, each share of stock entitles its registered owner as of the record date to one vote. The Company has two classes of shares, common and participating preferred shares. Both classes of shares have equal voting rights.</td>
</tr>
<tr>
<td>Voting shall be by poll and the Company shall provide the mechanism to implement the same at every stockholders meeting.</td>
</tr>
<tr>
<td>Under the Company’s By-Laws, the affirmative vote of stockholders as of the record date constituting at least a majority of the outstanding voting capital stock of the Company is necessary to approve matters requiring stockholders’ action, unless otherwise provided for under existing laws, with the exception of the following corporate acts and measures which must be ratified and/or approved by the stockholders representing or constituting at least two thirds (2/3) of the outstanding capital stock of the Company:</td>
</tr>
<tr>
<td>• Amendment of the Articles of Incorporation;</td>
</tr>
<tr>
<td>• Adoption and/or amendment of the By-Laws (unless the power to amend By Laws have been delegated to the Board by the stockholders);</td>
</tr>
<tr>
<td>• Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property;</td>
</tr>
<tr>
<td>• Incurring, creating or increasing bonded indebtedness; Increase or decrease of capital stock;</td>
</tr>
</tbody>
</table>
| • Merger or consolidation of the Company with another company; Investment of corporate funds in

273 Corporation Code of the Philippines, Section 28.
274 Amended Articles of Incorporation, Seventh Article.
another corporation or business for any purpose other than the primary purpose for which it was
organized; and
• Dissolution of the Company, among others.

For the election for directors, every stockholder shall have the right to vote, in person or by proxy, the
number of shares owned by him for as many persons as there are directors to be elected, or to cumulate
his votes by giving one candidate as many votes as the number of such directors multiplied by the number
of his shares shall equal, or by distributing such votes on the same principle among any number of
candidates.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. The By Laws provide that the members of the Board of Directors are to be elected by and from among the stockholders. Every stockholder, including non-controlling and minority, has a right to submit a nomination for election to the Board.

All nominations to the Board, whether for first time nominees or repeat nominees, or for independent directors, shall be submitted to the Nomination Committee at least thirty (30) working days before the date of the annual stockholders meeting. The stockholders, in making their nominations, or the Company, may make use of professional search firms or external sources of candidates when searching for candidates to the Board. For this year’s election of directors, the last day of nomination was on March 2, 2017.

There is nothing in the constitutional documents of the Company that prohibit an individual/minority stockholder to nominate candidates to the board of directors. In fact, the Independent Directors of the Company have always been nominated by individual shareholders of the Company. Mr. Jaime C. Laya was nominated as independent director by Gerlee Ang, Mr. Jose L. Cuisia, Jr. by Norberto Arroza, Mr. Oscar S. Reyes by Normita Regina Collantes, and Ms. Sherisa P. Nuesa by Janice Galapon. Mr. Ang, Mr. Arroza, Ms. Collantes and Ms. Galapon are minority stockholders of the Company, each owning less than 0.00005% of the outstanding voting capital stock of the Company.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company’s external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company is committed to the highest standards of disclosure, transparency and information dissemination. The Company provides the public with strategic, operating and financial information through adequate and timely disclosure filings submitted to the regulatory authorities. Along

275 Amended By Laws, Article III, Section 1, page 9
with regular quarterly financial reports, the Company discloses any and all material and critical information about the Company that may have an impact on the market price and trading volume of its securities.

Aside from disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange that are handled by the Corporate Governance Department, the Company also addresses the various information requirements of the investors and other stakeholders through a dedicated Investor Relations Office.

Both the Corporate Governance Department and Investor Relations Office report directly to the Chief Finance Officer (CFO).

2) **Describe the company’s investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general.** Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

The Company believes in open and transparent communication with all shareholders in order to build investor confidence. Through the Investor Relations Office, which reports directly to the Chief Finance Officer (CFO), the Company addresses the various information requirements of the investing public in general, and minority shareholders, in particular, and fosters dialogue between senior management and the investors.

Aside from disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, the Company conducts quarterly Analysts’ Briefings for both equity (buy-side and sell-side) and credit analysts and communicates directly with institutional and retail investors through one-on-one meetings, written communications such as electronic mails, and conference calls.

Analysts and fund managers not able to attend the quarterly briefings in person can also be informed of the discussions through a live streaming of the event or the audio recording of the meeting that is uploaded immediately in the website. The presentation materials of the briefing are also uploaded in the website shortly after the briefing is concluded.

The Company also has a continuing program of enhancing the Investor Relations and Governance sections in the corporate website.

Throughout the year, the CEO, CFO, Director for Financial Planning Policy, Investor Relations and Supply Chain, Head of Investor Relations, and other members of the Management Committee (where appropriate) make themselves available for meetings with institutional investors through prearranged company visits, teleconferences, Analysts’ Briefings, and attendance in local and international investor conferences.

<table>
<thead>
<tr>
<th>(1) Objectives</th>
<th>To adhere to the highest standards of disclosure, transparency and information dissemination</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Principles</td>
<td>The Company believes in open and transparent communication with all shareholders in order to build investor confidence</td>
</tr>
</tbody>
</table>
3) What are the company’s rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

**THE COMPANY HAS NOT HAD ANY TRANSACTION INVOLVING ACQUISITION OF CORPORATE CONTROL IN THE CAPITAL MARKETS AND EXTRAORDINARY TRANSACTIONS SUCH AS MERGERS, AND SALES OF SUBSTANTIAL PORTIONS OF CORPORATE ASSETS.**

However, in similar transactions of the Company not involving acquisition of control or substantial assets, in order to ensure the fairness of the transaction, the Company engages financial and legal consultants to conduct extensive due diligence study.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

**THE COMPANY HAS NOT HAD ANY TRANSACTION INVOLVING ACQUISITION OF CORPORATE CONTROL IN THE CAPITAL MARKETS AND EXTRAORDINARY TRANSACTIONS SUCH AS MERGERS, AND SALES OF SUBSTANTIAL PORTIONS OF CORPORATE ASSETS.**

L. **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Discuss any initiative undertaken or proposed to be undertaken by the company.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Beneficiary</th>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tubig Para Sa Barangay</td>
<td>1.8 million people from urban poor communities</td>
<td>2016 Accomplishments (as of Dec. 2016)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>East Zone of Metro Manila: 211,478 water service connections</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laguna: 419 water service connections</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Boracay: 207 water service connections</td>
</tr>
<tr>
<td>Lingap programs</td>
<td>381 institutions (plus 9 Lingap projects rehabilitated)/ 1.6 million</td>
<td>2016 Accomplishments:</td>
</tr>
<tr>
<td>Initiative</td>
<td>Beneficiary</td>
<td>Inputs</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>This Program involves improvement of water supply and sanitation for public service institutions such as schools, hospitals / health centers, markets, city jails, orphanages, etc.</td>
<td>people</td>
<td>27 institutions (plus 9 Lingap projects rehabilitated)</td>
</tr>
<tr>
<td>The activities conducted pursuant to this Program includes rehabilitation of the reticulation of after-the-meter pipelines; construction / installation of drinking fountains and hand washing facilities; and the rehabilitation of toilet facilities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Kabuhayan Para Sa Barangay**

The program aims to provide financial assistance to target cooperatives that are in good standing, and have the potential to grow their businesses but are encountering some financial difficulties. They are also given trainings, capacity building and development seminars for program sustainability.

The beneficiaries are also linked with the Company's supply chain and the company may avail the products and services at a competitive price. In addition, the beneficiaries are allowed to serve other clienteles and are not exclusive to Manila Water to encourage entrepreneurial growth.

| 195 cooperatives                                                             | 68,250 families                                                             | 2015 Accomplishments: |
|                                                                           |                                                                            | Total of 195 Cooperatives                                          |
|                                                                           |                                                                            | 68,250 families                                                   |

2016 Beneficiaries:

**Lakbayan**

This Program involves an educational tour of the Water Trail to show the participants the process that the raw water undergoes from the sources, to treatment and prior to distribution to customers.

Participants are given a tour of the water and wastewater systems.

| Lakbayan: 1,210 groups 40,135 participants from Non-Governmental Agencies, Local Government Units, academe, media, corporates, Non-Governmental Organizations, and similar entities. | 2016                                                                 | 2015 Accomplishments: |
| Lakbayan: 96 groups/ 2,009 participants from Non-Governmental Agencies, Local Government Units, academe, media, corporates, Non-Governmental Organizations, and similar entities. |                                                                       | Lakbayan:             |

2016 Program Cost: P 19,500,000.00
<table>
<thead>
<tr>
<th>Initiative</th>
<th>Beneficiary</th>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Lakbayan</td>
<td>93-groups &lt;br&gt; 1,764 – participants from Non-Governmental Agencies, Local Government Units, academe, media, corporates, Non-Governmental Organizations, and customers</td>
<td>Mobile Lakbayan: &lt;br&gt; Jan- Dec 2015 Accomplishments: &lt;br&gt; 195 groups &lt;br&gt; 9,868 participants</td>
</tr>
<tr>
<td>Mobile Lakbayan – Bawat Patak, Tumatatak... Goes to School</td>
<td>2016 Mobile Lakbayan &lt;br&gt; 118 - groups &lt;br&gt; 5,822 -participants from Non-Governmental Agencies, Local Government Units, academe, media, corporates, Non-Governmental Organizations, and customers</td>
<td>2016 Accomplishments &lt;br&gt; Mobile Lakbayan - BPT Goes to School &lt;br&gt; 8 schools &lt;br&gt; 21 sections &lt;br&gt; 813 students &lt;br&gt; 88 volunteer employees</td>
</tr>
<tr>
<td>Toka Toka</td>
<td>Toka-Toka Lingap Sapa in Maytunas Creek covers the following 9 barangays: &lt;br&gt; - Kabayanan, San Juan &lt;br&gt; - Pleasant Hills, San Juan &lt;br&gt; - Maytunas, San Juan</td>
<td>2015 Accomplishments: &lt;br&gt; Number of clean-ups conducted: 8 &lt;br&gt; Total Length Cleaned: approximately 1300 meters &lt;br&gt; 2016 Clean-up and Info Education Campaign,</td>
</tr>
</tbody>
</table>
This 2015, Manila Water launched Toka-Toka Lingap Sapa in Maytunas Creek which traverses the cities of Mandaluyong and San Juan. Lingap Sapa aims to:

1. To develop Toka-Toka Barangay Champions who meet the following criteria:
   a. Conducts regular waterway clean-up involving residents of the barangay in coordination with the local government unit;
   b. Implements barangay ordinances in support of RA 9275 (Clean Water Act) and RA 9003 (Solid Waste Management Act);
   c. Conducts information, education, campaigns for the residents of the barangays regarding solid waste management, environmental protection, Supreme Court Continuing Mandamus to rehabilitate Manila Bay, etc.

2. To decrease the number of solid waste collected from Maytunas creek (baseline from the project launch)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Beneficiary</th>
<th>Inputs</th>
</tr>
</thead>
</table>
| This 2015, Manila Water launched Toka-Toka Lingap Sapa in Maytunas Creek which traverses the cities of Mandaluyong and San Juan. Lingap Sapa aims to: | - Addition Hills, Mandaluyong  
- Daang Bakal, Mandaluyong  
- Addition Hills, Mandaluyong  
- Hagdang Bato Libis, Mandaluyong  
- Mauway, Mandaluyong  
- Bagong Silang, Mandaluyong | turnover of trash carts and cleaning implements to beneficiaries |

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

The Company has an Annual Board Evaluation Process that is required to be accomplished by the directors. This Annual Board Evaluation Process is comprehensive enough in scope and enables the directors to assess the following:

a. Board and Board Committee Processes and Meetings  
b. Compliance with the responsibilities and functions of the Board and Board Committees  
c. Board-Management Relationship  
d. Board Member Self Evaluation  
e. Performance of the CEO/President
The idea for the evaluation is to give the Board and the management information on the areas that need improvement in terms of the foregoing scope.

The evaluation process also allows the Board to explain the ratings they gave and to provide their own comments and recommendations on the matters discussed in the evaluation.

The evaluation criteria are as follows:

**FORM FOR BOARD EVALUATION**

<table>
<thead>
<tr>
<th>SCOPE</th>
<th>CRITERIA</th>
<th>Point System Rate of 1 to 5, 1 being the lowest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Processes and Meetings</td>
<td>Adequacy, frequency, duration and scheduling of Board meetings per year</td>
<td></td>
</tr>
<tr>
<td>Compliance with the Responsibilities and Functions of the Board</td>
<td>Involvement of the Board in the determination of the Company's strategic initiatives and direction</td>
<td></td>
</tr>
<tr>
<td>Compliance with the Responsibilities and Functions of the Board</td>
<td>Effectiveness of the Board in monitoring of management's implementation of corporate strategy</td>
<td></td>
</tr>
<tr>
<td>Compliance with the Responsibilities and Functions of the Board</td>
<td>Effectiveness of the Board in monitoring the operational and financial performance of the Company</td>
<td></td>
</tr>
<tr>
<td>Compliance with the Responsibilities and Functions of the Board</td>
<td>Effectiveness of the Board in handling crisis situation</td>
<td></td>
</tr>
<tr>
<td>Compliance with the Responsibilities and Functions of the Board</td>
<td>Commitment of the Board to good corporate governance practices</td>
<td></td>
</tr>
<tr>
<td>Compliance with the Responsibilities and Functions of the Board</td>
<td>Consideration by the Board of the interest of the minority shareholders</td>
<td></td>
</tr>
<tr>
<td>Board- Management Relationship</td>
<td>Existence of open lines of communication and constructive interaction between directors and the management of the Company</td>
<td></td>
</tr>
<tr>
<td>Board- Management Relationship</td>
<td>Clear understanding of the delineation between the roles of the Board and the key officers/management</td>
<td></td>
</tr>
<tr>
<td>Board Member Self-Exercise</td>
<td>Exercise of independent judgment in that a Director views each problem/situation</td>
<td></td>
</tr>
</tbody>
</table>
**Evaluation**

- Objectively and supports plans and ideas which such Director believes are beneficial to the Company
- Avoidance of any situation where a Director may be placed in a conflict of interest
- Inclination to disclose any conflict of interest
- Prompt and complete attendance in Board meetings
- Preparedness on the topics to be discussed on Board meetings
- Active and objective participation in the Board discussions
- Working knowledge on the statutory and regulatory requirements affecting the Company
- Promotion and support on good corporate governance practices and policies

**FORM OF BOARD COMMITTEE EVALUATION**

<table>
<thead>
<tr>
<th>SCOPE</th>
<th>CRITERIA</th>
<th>Point System Rate of 1 to 5, 1 being the lowest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee Processes and Meetings</td>
<td>Adequacy, frequency, duration and scheduling of Committee meetings per year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adequacy of materials for meetings of the Committees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Content and quality of materials for meetings of the Committees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quality of presentations to the Committees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quality and adequacy of discussions and deliberations during Board Committee meetings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Preparedness of the directors for the Board Committee meetings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appropriateness of delegation of business to the Committees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adequate information to the Board of Committee acts and approvals</td>
<td></td>
</tr>
<tr>
<td>Compliance with the Responsibilities and Functions of the Committees</td>
<td>Involvement of the Committee in the determination of the Company’s strategic initiatives and direction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Effectiveness of the Committee in monitoring of management's implementation of corporate strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Effectiveness of the Committee in monitoring the operational and financial performance of the Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Effectiveness of the Committee in handling crisis situation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commitment of the Committee to good corporate governance practices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consideration by the Committee of the interest of the minority shareholders</td>
<td></td>
</tr>
<tr>
<td>Committee Member Self</td>
<td>Conscientiousness in the discharge of functions and responsibilities as member of</td>
<td></td>
</tr>
</tbody>
</table>
Evaluation

<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Board Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prompt and complete attendance in Committee meetings</td>
</tr>
<tr>
<td></td>
<td>Preparedness on the topics to be discussed on Committee meetings</td>
</tr>
<tr>
<td></td>
<td>Active and objective participation in Committee discussions</td>
</tr>
</tbody>
</table>

**FORM OF EVALUATION OF PRESIDENT/CEO**

<table>
<thead>
<tr>
<th>SCOPE</th>
<th>CRITERIA</th>
<th>Point System Rate of 1 to 5, 1 being the lowest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation of President/CEO</td>
<td>Possession by the CEO/President of the competence and qualifications to effectively discharge the functions of the office</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ability of the CEO/President to achieve Key Result Areas and Performance of the CEO against clear, measurable and documented objectives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ability of the CEO/President to lead and motivate the Management</td>
<td></td>
</tr>
</tbody>
</table>

In addition, the Audit Committee adopted SEC Memorandum Circular No. 4 Series of 2012 on the Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange which took effect on 30 June 2012.

**N. INTERNAL BREACHES AND SANCTIONS**

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

The Compliance Officer shall operationalize this Manual by putting in place the appropriate policies in coordination with the Corporate Secretary and the relevant Board Committees, and monitor compliance with the provisions and requirements of this Manual and the Company policies on corporate governance, as well as the rules and regulations of the regulatory agencies.276

Any violation of the manual shall be pursued under the penalty provisions of the relevant policy that has been violated.

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276 Revised Manual of Corporate Governance, Article VI, Section 6.1
References:
Amended Articles of Incorporation
Amended By Laws
Revised Manual of Corporate Governance
Revised Code of Business Conduct and Ethics
Revised Charter of the Board of Directors
Revised Charter of the Executive Committee
Revised Charter of the Nomination Committee
Revised Charter of the Remuneration Committee
Charter of the Audit Committee
Revised Charter of the Committee of Inspectors of Ballots and Proxies
Revised Charter of the Board Risk Oversight Committee (formerly Risk Committee)
Charter of the Corporate Governance Committee
Charter of the Related Party Transactions Committee
Revised Policy on Related Party Transactions (approved by the Executive Committee on May 18, 2017)
2012 Sustainability Report
2013 Annual Report
2014 Annual Report
2015 Annual Report
2016 Annual Report
2013 Financial Statements
2013 Definitive Information Statement
2014 Definitive Information Statement
2015 Definitive Information Statement
2016 Definitive Information Statement
2017 Definitive Information Statement
Quality, Environment, Health and Safety Policy
Minutes of Meeting 2013 Annual Stockholders Meeting
Minutes of Meeting 2014 Annual Stockholders Meeting
Minutes of Meeting 2015 Annual Stockholders Meeting
Minutes of Meeting 2016 Annual Stockholders Meeting
Draft - Minutes of Meeting 2017 Annual Stockholders Meeting
2015 ASM Voting Results
2016 ASM Voting Results
2017 ASM Voting Results
Procurement Policy
Vendor’s Code of Conduct
Employee Code of Conduct and Discipline
Corporation Code of the Philippines (Batas Pambansa Blg. 68)
Securities Regulations Code (Republic Act No. 8799)
SEC Memorandum Circular No. 9 Series of 2011 (Term Limits for Independent Directors)
SEC Memorandum Circular No. 16 Series of 2002 (Guidelines on the Nomination and Election of Independent Directors)
SEC Memorandum Circular No. 4 Series of 2012 (Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange)
Revised Internal Audit Charter
Revised Enterprise Risk Management Policy
Certification of Full Compliance to the Manual of Corporate Governance
Report of the Risk Committee to the Board of Directors
Report of the Audit Committee to the Board of Directors
SEC Certification on permanent exemption of Ambassador Jose L. Cuisia, Jr. (independent director), from attendance in Corporate Governance Training requirements of the SEC
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in Makati City on May 1, 2017.

SIGNATURES

Fernando Zobel de Ayala  
Chairman of the Board of Directors

Ferdinand M. Dela Cruz  
President and Chief Executive Officer

MAY 1, 2017

SUBSCRIBED AND SWORN to before me this ___ day of May 2017, affiants exhibiting to me their passports with details as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Passport Number</th>
<th>Date and Place of Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>EC6148225</td>
<td>December 8, 2015 / Manila</td>
</tr>
<tr>
<td>Ferdinand M. Dela Cruz</td>
<td>EC3062233</td>
<td>December 22, 2014 / Manila</td>
</tr>
</tbody>
</table>

Doc. No. 233  
Page No. 34  
Book No. Y24  
Series of 2017

Notarial DST pursuant to Sec. 188 of the Tax Code affixed on Notary Public's copy.

ROBERTO T. ONSIAKO  
Notary Public – Makati City  
Appt. No. M-231 until 31 December 2018  
Attorney's Roll No. 37041  
PTR No. 5908887MD; 01-03-2017; Makati City  
IBP Lifetime Roll No. 02163  
MCLE Compliance No. V - 0009379; 22 July 2015  
3rd Floor, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in Makati City on May 18, 2017.

MAY 18 2017

SIGNATURES

Oscar S. Reyes
Independent Director

MAY 18 2017

SUBSCRIBED AND SWORN to before me this 18th day of May 2017, affiant exhibiting to me his passport with details as follows:

Name
Oscar S. Reyes

Passport Number
EB8380979

Date and Place of Issuance
June 13, 2013 / Manila

RONALDO O. MATA
Notary Public – Makati
Appt. No. M-231 until 31 December 2018
Attorney’s Roll No. 37041
PTR No. 590887MD; 01-03-2017; Makati City
IBP Lifetime Roll No. 02163
MCLE Compliance No. V-0009379; 22 July 2015
3rd Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in Makati City on May 18, 2017.

MAY 18 2017

SIGNATURES

Jaime C. Laya
Independent Director

MAY 18 2017

SUBSCRIBED AND SWORN to before me this ___ day of May 2017, affiant exhibiting to me his passport with details as follows:

Name
Jaime C. Laya

Passport Number
EC3123777

Date and Place of Issuance
January 7, 2015 / Manila

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Series of 2017

Notarial DST pursuant to Sec. 188 of the Tax Code affixed on Notary Public’s copy.

ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-231 until 31 December 2018
Attorney’s Roll No. 37041
PTR No. 590887MD; 01-03-2017; Makati City
IBP Lifetime Roll No. 02163
MCLE Compliance No. V – 0009379; 22 July 2015
3rd Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in Makati City on May ___ 2017.

SIGNATURES

Luis Juan B. Oreta
Chief Finance Officer and Treasurer
Compliance Officer

MAY 19 2017

SUBSCRIBED AND SWORN to before me this ___ day of May 2017, affiant exhibiting to me his passport with details as follows:

Name
Luis Juan B. Oreta

Passport Number
P0652901A

Date and Place of Issuance
October 17, 2016 / Manila

Notarial DST pursuant to Sec. 188 of the Tax Code affixed on Notary Public's copy.
SECRETARY’S CERTIFICATE

I, JHOEL P. RAQUEDAN, Filipino, of legal age, and with business address at the 2nd Floor, MWSS Administration Building, No. 489 Katipunan Road, Balara, Quezon City, after having been duly sworn in accordance with law, do hereby certify that:

1.0 I am the Assistant Corporate Secretary of Manila Water Company, Inc. (the “Company”), a corporation duly organized and existing under Philippine laws, with business address at the MWSS Administration Building, No. 489 Katipunan Road, Balara, Quezon City.

2.0 This certification is being rendered in connection with the submission of the 2017 Updates to the Company’s 2016 Annual Corporate Governance Report (ACGR) pursuant to the Securities and Exchange Commission Memorandum Circular Nos. 5 Series of 2013 and 20 Series of 2016.

3.0 At the regular meeting of the Board of Directors (the “Board”) held on February 26, 2016, at which all eleven (11) directors are present, the Board approved the following resolutions:

4.0 At the regular meeting of the Board held on March 1, 2017, at which all eleven (11) directors are present, the Board approved the following resolutions:

Declaration of First Semester Cash Dividends

Resolution No. 2 (2017)

RESOLVED, to approve the declaration of the following cash dividends for the first semester of 2017:

(a) PhP 0.4244 per share on the outstanding common shares,
(b) PhP 0.04244 per share on the outstanding participating preferred shares,

Payable on March 31, 2017 to stockholders of record as of March 15, 2017.

Delegation to the Nomination Committee

Resolution No. 9 (2017)

RESOLVED, to authorize the delegation to the Nomination Committee of the authority to approve the final list of nominees to the Board for election at the annual stockholders’ meeting at its meeting to be held on March 9, 2017.
Approval of the 2016 Financial Statements

*Resolution No. 12 (2017)*

**RESOLVED**, to approve the financial statements of the Company as of the fiscal year ended December 31, 2016 audited by the external auditor of the Company, Sycip Gorres Velayo & Company.

Re-appointment of SGV & Co. as External Auditor

*Resolution No. 13 (2017)*

**RESOLVED**, to approve the re-appointment of the firm Sycip Gorres Velayo and Company as the external auditor of the Company for the fiscal year January 1, 2017 to December 31, 2017, for an audit fee of PhP 2.1 million, exclusive of Value Added Tax and out-of-pocket expenses.

**RESOLVED, FINALLY**, to approve the re-appointment of the firm Sycip Gorres Velayo and Company as the external auditor of the Manila Water Group for the fiscal year January 1, 2017 to December 31, 2017, for a total audit fee of PhP 3,754,600.00, exclusive of Value Added Tax and out-of-pocket expenses.

5.0 At the Annual Stockholders' Meeting held on April 17, 2017, at which a quorum duly existed, the stockholders approved the following:

a. The election of the following Directors of the Company:

   i. Fernando Zobel de Ayala
   ii. Jaime Augusto Zobel de Ayala
   iii. Gerardo C. Ablaza, Jr.
   iv. Antonino T. Aquino
   v. Delfin L. Lazaro
   vi. John Eric T. Francia
   vii. Ferdinand M. dela Cruz
   viii. Oscar S. Reyes (Independent)
   ix. Jaime C. Laya (Independent)
   x. Jose L. Cuisia, Jr. (Independent)
   xi. Sherisa P. Nuesa (Independent)

and adopted the following resolution:

*“Resolution No. 3 (2017)*

**RESOLVED**, to elect the following as directors/independent directors of the Company to serve as such beginning today until their successors are elected and qualified:
Fernando Zobel de Ayala  
Jaime Augusto Zobel de Ayala  
Gerardo C. Ablaza, Jr.  
Antonino T. Aquino  
Delfin L. Lazaro  
John Eric T. Francia  
Ferdinand M. dela Cruz  
Jaime C. Laya (Independent)  
Jose L. Cuisia, Jr. (Independent)  
Oscar S. Reyes (Independent)  
Sherisa P. Nuesa (Independent)

b. The re-appointment of Sycip Gorres Velayo & Co. as external auditor of the Company and adopted the following resolution:

"Resolution No. 4 (2017)"

RESOLVED, to approve the re-appointment of the firm Sycip Gorres Velayo & Company as external auditor of the Company for the fiscal year January 1, 2017 to December 31, 2017 for an audit fee of Pesos: Two Million One Hundred Thousand (PhP 2,100,000.00), exclusive of value-added tax and out of pocket expenses."

6.0 At the organizational meeting of the Board held on April 17, 2017, at which all eleven (11) directors are present, the Board approved the following resolutions:

Appointment of Corporate Officers

Resolution No. 15 (2017)

RESOLVED, to approve the election and appointment of the following as officers of the Company to perform the duties mandated by law and the by-laws of the Company and to perform such other duties and functions as may from time to time be assigned and delegated to them by the Board of Directors of the Company:

Chairman  
Fernando Zobel de Ayala

Vice Chairman  
Jaime Augusto Zobel de Ayala

President and Chief Executive Officer  
Ferdinand M. dela Cruz

Chief Finance Officer and Treasurer  
Luis Juan B. Oreta

Group Director, Corporate Finance and Governance Compliance Officer

Chief Operating Officer, New Business Operations  
Virgilio C. Rivera, Jr.

Chief Operating Officer, Group Director, Corporate Operations, Manila Water Operations Data Protection Officer  
Geodino V. Carpio

Group Director, Strategic Asset Management Manila Water Operations  
Abelardo P. Basilio
Chief Technology Adviser
Rodell A. Garcia
Group Director, Corporate Information Technology
Manila Water Operations

Group Director, Corporate Project Management
Thomas T. Mattison
Manila Water Operations

Group Director, Corporate Human Resources
Janine T. Carreon
Manila Water Operations

Group Director, East Zone Business Operations
Esmeralda R. Quines
Manila Water Operations

Corporate Secretary
Solomon M. Hermosura

Assistant Corporate Secretary
Jhoel P. Raquedan
Chief Legal Counsel

Group Deputy Chief Finance Officer
Ma. Victoria P. Sugapong
Chief Accountant

Chief Risk Officer
Jocelyn Frances P. Sison

Chief Audit Executive
Xerxes Noel O. Ordanez

Appointment of Board Committee Chairmen and Members

Resolution No 16 (2017)

RESOLVED, to approve the election and appointment of the following as Chairmen and members of the Board Committees to perform the duties mandated by law, the by-laws of the Company, the Charter of the Board and the Board Committee’s respective Charters, and such other duties and functions as may from time to time be assigned and delegated to them by the Board:

Executive Committee
Chairman
Fernando Zobel de Ayala
Vice Chairman
Gerardo C. Ablaza, Jr.
Member
Antonino T. Aquino
Member
John Eric T. Francia
Member
Ferdinand M. dela Cruz

Audit Committee
Chairman
Oscar S. Reyes
Member
Jose L. Cuisia, Jr.
Member
Gerardo C. Ablaza, Jr.
Member
Jaime C. Laya
**Nomination Committee**
Chairman  
Jose L. Cuisia, Jr.
Member  
Jaime C. Laya
Member  
Oscar S. Reyes

**Remuneration Committee**
Chairman  
Jose L. Cuisia, Jr.
Member  
Fernando Zobel de Ayala
Member  
Sherisa P. Nuesa
Member  
Oscar S. Reyes

**Risk Committee (renamed Board Risk Oversight Committee)**
Chairman  
Jaime C. Laya
Member  
Jose L Cuisia, Jr.
Member  
Gerardo C. Ablaza, Jr.
Member  
Oscar S. Reyes

**Related Party Transactions Committee**
Chairman  
Sherisa P. Nuesa
Member  
Jose L. Cuisia, Jr.
Member  
Jaime C. Laya

**Committee of Inspectors of Ballots and Proxies**
Chairman  
Chief Audit Executive – Xerxes Noel O. Ordaneez
Member  
Chief Legal Counsel – Jhoel P. Raquedan
Member  
External Auditor – SGV Representative

**Resolution No. 17 (2017)**

RESOLVED, to approve the appointment and designation of Mr. Oscar S. Reyes as the Lead Independent Director of the Board, to perform the duties mandated by the law, the by-laws of the Company, and the Charter of the Board including the following: (a) to serve as an intermediary between the Chairman and the other directors when necessary; (b) to convene and chair meetings of the non-executive directors; and (c) to contribute to the performance evaluation of the Chairman, as required.

**Resolution No. 18 (2017)**

RESOLVED, to approve the charter of the Related Party Transactions Committee of the Board.

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7.0 Immediately after the organizational meeting of the board on April 17, 2017, the non-executive members of the Board of Directors held an executive session.
8.0 At the regular meeting of the Executive Committee held on May 18, 2017, at which all five (5) members are present, the Committee approved the following resolution:

*New Manual, Revisions to the Policies and Charters and the Charter of the Corporate Governance Committee*

*Resolution No. E-4 (2017)*

**RESOLVED**, to approve and adopt the Manual of Corporate Governance of the Company pursuant to SEC Memorandum Circular No. 19 Series of 2016 (the “New Manual”);

**RESOLVED, FURTHER**, to approve and adopt the revisions to the polices and charters of the Company in relation to the approval and adoption of the new Manual, including the following: Code of Business Conduct and Ethics, Whistle Blower Policy, Policy on Related Party Transactions, Charter of the Board of Directors, Charter of the Executive Committee, Charter of the Nomination Committee, Charter of the Remuneration Committee, Charter of the Board Risk Oversight Committee, Charter of the Related Party Transactions Committee, and Charter of the Audit Committee;

**RESOLVED, FURTHER**, to approve and adopt the Charter of the Corporate Governance Committee and to endorse the creation of the Committee and the appointment of its chairman and members at the next meeting of the Board of Directors;

**RESOLVED, FINALLY**, to direct the Management to submit the new Manual to the Securities and Exchange Commission, and to the other relevant regulatory and government agencies.

9.0 At the regular meeting of the Board held on June 8, 2017, at which all eleven (11) directors are present, the Board approved the following resolution

*Appointment of Chairman and Members of the Corporate Governance Committee*

*Resolution No. 28 (2017)*

**RESOLVED**, to approve the election and appointment of the following as Chairman and members of the Corporate Governance Committee, to perform the duties mandated by law, the by-laws of the Company, the Charter of the Board and its Charter, and such other duties and functions as may from time to time be assigned and delegated to them by the Board:

**Corporate Governance Committee**  
Chairman  Sherisa P. Nuesa  
Vice Chairman  Jose L. Cuisia, Jr.  
Member  Jaime C. Laya
Appointment of Data Protection Officer

Resolution No. 29 (2017)

RESOLVED, to approve the appointment of Mr. Abelardo P Basilio as the new Data Protection Officer of the Company, to perform the duties mandated and required by applicable laws.

Ratification of Audit and Governance Committee Acts and Resolutions

Resolution No. 34 (2017)

RESOLVED, to approve and ratify the following actions and resolutions of the Audit Committee adopted in its meeting held on May 4, 2017:

a. Approval of the Q1 Unaudited Financial Statements, and the accompanying Management Discussion and Analysis;

b. Approval of the Change in Accounting for Depreciation of Service Concession Assets (i.e. change from Straight-Line to Units-of-Production method);

c. Endorsement for approval of the new Manual of Corporate Governance and the affected policies and charters of the Company;

d. Approval of the revisions to the Audit Committee Charter;

e. Approval of the minutes of the Previous Audit Committee Meeting held on February 23, 2017; and

f. Approval of the interim change in the Annual Audit Plan and Status of 2017 Risk-based Audit Plan

RESOLVED, FINALLY, to note the following actions and resolutions of the Audit Committee adopted in the same meeting:

a. Discussion of the Results of first quarter results of audit engagements; and

b. Update on the SAP User Access and BCM Audit.

Ratification of Executive Committee Acts and Resolutions

Resolution No. 35 (2017)

RESOLVED, to approve and ratify the following actions and resolutions of the Executive Committee adopted in its meeting held on May 18, 2017:

a. Approval of the minutes of meeting held on March 16, 2017;

b. Approval of the new Manual of Corporate Governance ("Manual") of the Company pursuant to SEC Memorandum Circular No. 19 Series of 2016 on the Code of Corporate Governance for Publicly Listed Companies ("Code"); and

c. Approval of the policies and charters affected by the new Manual and the Code.
RESOLVED, FINALLY, to note the following actions and resolutions of the Audit & Governance Committee adopted in the same meeting:

a. Discussions on the adoption of the Units of Production Method in the amortization of Service Concession Assets from Straight-line (SL) method; and
b. Discussions on the updates in new business development endeavors.

10.0 The other changes in the ACGR are made to update the sections of the ACGR on programs, plans and policies as of date of this certification, which are not required to be approved by the Board or which are not required to be discussed by the Board, but which changes are either pursuant to the normal operations of the Company or are made within the authorities of the departments, and units of the Company and the corresponding managers and heads thereof.

11.0 I attest to the truth of the foregoing and that the above-quoted Resolutions have not been amended or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and impressed the seal of the Company on this ___ day of August 2017 at Quezon City, Metro Manila, Philippines.

JHOEL P. RAQUEDAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this ___ day of August 2017 at Quezon City, Metro Manila, Philippines; affiant, Jhoel P. Raquedan, exhibited to me his Passport with Passport Number P0288383A valid until September 19, 2021.

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