March 2, 2016

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, Mandaluyong City, Philippines

Attention : MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department

PHILIPPINE STOCK EXCHANGE, INC.
Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati city, Philippines

Attention : MS. JANET A. ENCARNACION
Head, Disclosure Department

Subject : Updates and Amendments to the Annual Corporate Governance Report

Gentlemen :

Please be advised of the updates and amendments to the Annual Corporate Governance Report (ACGR) of Manila Water Company, Inc. The affected portions of the ACGR are attached for your reference.

The aforesaid updates and amendments were due to the revision of the Audit and Governance Committee Charter approved by the Board of Directors in its Regular Meeting held on February 26, 2016.

Very truly yours,

JHOEL P. RAQUEDAN
Chief Legal Counsel
Assistant Corporate Secretary
B. BOARD MEETINGS & ATTENDANCE

XXX XXX XXX

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.

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 Committee shall have the following authority, roles and responsibilities:

1. 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.
2. Ensure that an overall set of risk management policies and procedures exist for the Company.
3. Review the Company’s risk governance structure and the adequacy of the Company’s risk management framework / process.
4. Review and endorse to the Board changes or amendments to the Enterprise Risk Management (ERM) Policy.
5. Perform oversight functions specifically in the areas of managing strategic, financial, compliance, regulatory, operational and other risks of the Company, and crisis management.
6. 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.
7. 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.

In its regular meeting held on April 15, 2013, the Board ratified and approved the revisions to the Sustainability Policy and Climate Change Policy of the Company.
The Sustainability Policy of Manila Water was developed in 2005 and was first presented in the first-ever Sustainability Report of Manila Water which was released in the same year. Over the years, there have been several changes in the organization of Manila Water as well as in the business environment within which the Company is operating and there were also new international standards. Given these factors, the management revisited the Company’s Sustainability Policy and identified the gaps that need to be addressed.

On other hand, the Climate Change Policy was ratified by the Board in 2007 and Manila Water was the first company to have a formal climate change policy. This Policy predates the Philippine Climate Change Act, National Framework Strategy on Climate Change and National Climate Change Action Plan which were passed/implemented in 2009, 2010 and 2011 respectively. To align the Company’s Climate Change Policy with the Philippine government’s anchor strategy of Adaptation, Manila Water revised its existing Climate Change Policy.

In its regular meeting held on November 29, 2013, the Board approved the Charters of the Board Committees, namely, the Executive Committee, the Nomination Committee, the Remuneration Committee, and the Committee of Inspectors of Ballots and Proxies. The Audit and Governance Committee has an existing charter. **However, in its Regular Meeting held on February 26, 2016, the Board approved the amendment to the Charter of the Audit and Governance Committee which pertains to the transfer of the risk management and oversight functions to the recently established Risk Committee.**

Prior to the adoption of the Board Committee Charters, the Manual, with the exception of the Audit and Governance Committee Charter, is the only basis of the authority, functions and duties of the Board Committees. With the recent trend of empowering the Board Committees, there existed a need to codify this empowerment and to supplement the Manual with regard to the duties, functions, and composition of the Board Committees.

The primary objective of the Board Committee Charters is to establish the requirements of membership of the aforesaid Committee, the powers, duties and responsibilities of the members, the meeting and quorum requirements, and the method of adopting resolutions. With the approval of the charters, the Committees will have a clearer and more direct participation in the functioning of the Board. However, the Board Committee Charters is not intended to replace, but only to supplement, the Manual.

In its special meeting held on April 4, 2014, the Board approved the following:

a. Revised Code of Business Conduct and Ethics  
b. Policy on Related Party Transaction  
c. Charter of the Office of the Corporate Secretary and  
d. Charter of the Board of Directors
The Revised Code of Business Conduct and Ethics contains improvements in the existing policies of the Company on conflict of interest, honesty and fair dealing, disclosure, insider trading, and corporate entertainment and gifts. In addition, policies on creditor rights, anti-corruption and anti-sexual harassment have been incorporated as well. More importantly, the provisions on implementation of the Revised Code through the Compliance Officer have been made clearer and more stringent, and a corporate governance panel has been tasked to assist the Compliance Officer in the investigation of the violations of the Revised Code.

The Policy on Related Party Transactions (RPT), the Charter of the Corporate Secretary and the Charter of the Board seek to supplement the provisions of the Manual on the said relevant subjects.

The RPT Policy requires that the Company shall enter into any related-party transactions solely in the ordinary course of business, on ordinary commercial terms and on the basis of arm’s length arrangements, and subject to appropriate corporate approvals and actions of the Corporation or the Related Parties, as the case may be. More importantly, approval of the Committee (composed entirely of the independent directors of the Audit and Governance Committee) is required prior to award of Material RPTs. With respect to non-material RPTs, the approval of the Compliance Officer is required prior to award thereof. Material RPTs are those with contract price of at least Php10,000,000.00.

The Charter of the Corporate Secretary institutionalizes the Office of the Corporate Secretary as the office with the primary function of assisting the Board of Directors.

The Charter of the Board of Directors includes, among others, the process for selection, appointment, disqualification, suspension, reinstatement, and removal of directors, meeting and quorum requirements, clear delineation of the functions of the Board as a collegial body and the Chairman of the Board of Directors, and the evaluation of the Board, the Board Committees and the President of the Company. The Charter of the Board also clarifies and ingrains the policies of the Board on Business Conduct and Ethics, Diversity and Multiple Directorships.

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.

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:

On August 11, 2015, at its regular meeting, the Board approved the creation of the Risk Committee. On November 26, 2015, at its regular meeting, the Board approved the Charter of the Risk Committee.

<table>
<thead>
<tr>
<th>Committee</th>
<th>No. of Members</th>
<th>Functions</th>
<th>Key Responsibilities</th>
<th>Power</th>
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<td>Executive Director (ED)</td>
<td>Non-executive Director (NED)</td>
<td>Independent Director (ID)</td>
<td>Committee Charter</td>
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</tr>
<tr>
<td>Others (specify)</td>
<td></td>
<td></td>
<td></td>
<td></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 or in the Executive Committee;
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;
e. the distribution of cash dividends;
f. the exercise of powers delegated by the Board exclusively to other committees, if any.

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 and Governance Committee**

There shall be an Audit and Governance Committee composed of four (4) members, and at least one of whom shall be an independent director. The independent director shall chair the Audit and Governance Committee.

The Audit and Governance Committee has three (3) independent directors, one of whom is 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.

The Audit and Governance Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of the Company. It shall be responsible for ensuring the development of, compliance with, and periodic review of corporate governance policies and practices in the Company.

In general, the Audit and Governance Committee shall assist the Board in the performance of the following functions:

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

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

iii. Institutionalizing the internal audit functions;

iv. Ensuring the presence of, and regularly reviewing, the performance and quality of external audit;

v. 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;

vi. 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;
vii. 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;
viii. Adopt a system of internal checks and balances for the Board and management which systems shall be continuously and regularly reviewed and updated to ensure adequacy and effectiveness;
ix. Provide the stockholders and stakeholders with relevant and timely information about the Company’s performance, position and prospects as well as other financial reporting and control requirements as may be issued by regulator or required by the shareholders and stakeholders from time to time.
x. Adoption, implementation and continuous monitoring of 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;
xii. Recommend the appointment and removal of the external auditors;
xiii. Create 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 particular, the Audit and Governance Committee shall have the following duties and responsibilities:
i. assist the Board in its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations and secure Management’s assurance as to the state of the Company’s internal control;
ii. make a fair and balanced review of all financial reports and check against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
iii. determine the impact of new accounting standards and interpretations in the financial standing and reports of the Company;
iv. assess annual and interim financial reports as to completeness, clarity, consistency and accuracy of disclosures including information on related party transactions;
v. perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management;
vii. be responsible for setting up an internal audit department and consider the appointment and removal of the CAE; establish and identify the reporting line of the CAE so that the reporting levels allow the internal audit activity to fulfill its responsibilities;
vii. ensure that internal auditors have free and full access to all the Company’s records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results;
viii. provide oversight of the Company’s internal and external auditors; ensure that the internal and external auditors act independently from each other; and ensure that the external auditor is given unrestricted access to all records, properties and personnel to enable it to perform its audit function;
ix. review internal audit plans, including audit scope, resources and budget necessary to implement it, to ensure its conformity with the objectives of the Company;
x. discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure cooperation where more than one audit firm is needed in order to secure proper coverage and minimize duplication of efforts;
xii. monitor and evaluate the adequacy and effectiveness of the Company’s internal control system, including financial reporting control and information technology security;
xiii. ensure that accounting system of the Company adheres to internationally accepted financial reporting standards and that auditing processes, practices and methodologies are compliant with generally accepted audit standards and practices.
xiv. 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;
xv. receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies;
xvi. establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. The internal auditor shall functionally report directly to the Audit and Governance Committee which committee shall ensure the internal auditor’s independence and freedom from interference by outside parties;
xvii. review the quarterly, half-year and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, stock exchange and other regulatory requirements;
xviii. recommend and review the appointment and removal of external auditors and their remuneration;
xix. coordinate, monitor and facilitate compliance with laws, rules and regulations;
xx. evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the 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 non-audit work, if allowed, shall be disclosed in the Company’s annual report;
xx. understand and evaluate disagreements between the external auditors and management and make the appropriate recommendation to the Board for redress of the matter.

xxi conduct a yearly self-evaluation of the directors and executive officers and report the results of the same to the Board.

xxii Independent consultants may also be invited to assist the Committee in the process;

xxiii develop and recommend to the Board corporate governance principles applicable to the Company;

xxiv monitor and assess the Company’s compliance with rules and regulations relating to corporate governance policies;

xxv make an assessment of the correspondence between the Company and its regulators regarding financial statement filings and disclosures;

xxvi evaluate and monitor compliance with the Company’s policy in detection of fraud and whistle-blower program;

In the fulfillment of the foregoing functions, 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, and corporate governance processes.

With regard to Financial Reporting, the Audit and Governance 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, on-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; and (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.

With regard to Internal Audit, the Audit and Governance 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.

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, the 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. (New standard – 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. (New standard-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. (New standard-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”, only if the results of the quality assurance and improvement program support the statement. (New standard-ISPPIA 2430)

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

xvi Evaluate and deliberate on the weaknesses of the Company’s internal control and reporting processes and provide guidance or establish corrective measures for its improvement;

xvii 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;

xviii 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.

With regard to External Audit, the Audit and Governance Committee shall:

i. Recommend the appointment and removal of the Independent Auditors 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. 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.

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

vi. **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.**

vii. **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 amount of non-audit work of independent auditors shall be disclosed in the annual report.**

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

ix. **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;**

x. **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.**

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**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 four (4) members, three (3) of whom are independent directors. The Chairman is an independent Director.

The Committee shall have the following functions:

a. **Install and maintain a process to ensure that all directors to be nominated for election at the next Annual General Stockholders’ Meeting have the qualifications and none of the disqualifications stated above;**

b. **Encourage the selection of a mix of competent directors, each of whom can add value and create independent judgment as to the formulation of sound corporate strategies and policies;**

c. **Review and evaluate the qualifications of all persons nominated to positions in the Company which require appointment by the Board and provide guidance and advice as necessary for the appointment 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;

f. Discharge any other duties and responsibilities delegated to the Committee by the Board from time to time.

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

**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 Nomination 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 functions:

- a. Establish a formal and transparent procedure for developing a 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. Determine and approve all matters relating to the remuneration and benefits of the Board and the Company’s officers;
- c. Evaluate and recommend for Board approval the pertinent guidelines on executive compensation, including non-monetary remuneration;
- d. Periodically review and evaluate the policy on remuneration in order that it be in a sufficient level to attract and retain directors and officers of the Company;
- e. 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;
- f. Review and revise, if necessary, the existing Company 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 Related Party Transactions Committee consists of all of the independent directors of the Audit and Governance Committee, provided that there are at least three (3) independent directors in the Committee. As such, the RPT Committee is considered a subset of the Audit and Governance Committee. Hence, except on matters relating specifically to their functions as members of the RPT Committee, the members are subject to the charter of the Audit and Governance Committee.

Prior to entering into any Material RPT, the Company shall submit the same for the review of the RPT 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 Corporation. A Material RPT means any RPT with a stated value of at least Ten Million Pesos (Php10,000,000.00).

The Risk Committee

The Risk 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.

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;

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, 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 Committee shall meet at least twice a year, or more frequently as needed. All meetings shall be presided by the Committee Chairman and attended by all committee members, whether in person or via teleconference or videoconference. Meetings shall not proceed in the absence of a quorum; that is, more than half of the total number of committee members.
Separate executive sessions may be conducted by the Committee with the Chief Risk Officer (CRO), Chief Finance Officer (CFO), Chief Audit Executive (CAE), other members of the Management team and/or external auditors to foster open communication and discuss any matter that the Committee believes as needed to be discussed in private.

The Committee Chairman shall submit and present a report to the Board, containing updates on all actions taken by the Committee at the Board meeting following the Committee meeting.