

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>In 2019 and for 2020, the stockholders of Megawide Construction Corporation ("Megawide" or the "Company") elected the following members to its Board of Directors ("Board"), who have the working knowledge, experience, or expertise relevant to its industry:</p> <ul style="list-style-type: none"> a. Mr Edgar B. Saavedra – <i>Executive Director</i> b. Mr. Manuel Louie B. Ferrer – <i>Executive Director</i> c. Mr. Oliver Y. Tan – <i>Non-Executive Director</i> d. Former Chief Justice Hilario G. Davide, Jr. – <i>Independent Director</i> e. Mr. Leonilo G. Coronel – <i>Independent Director</i> f. Mr. Celso P. Vivas – <i>Independent Director</i> g. Mr. Alfredo E. Pascual – <i>Independent Director</i> 	
2. Board has an appropriate mix of competence and expertise.	Compliant	<p>The members of the Board can be seen from the Minutes of its Annual Stockholders' Meetings ("ASM") held last 02 July 2019 ("2019 Minutes") and 30 June 2020 ("2020 Minutes").</p> <p>Please see page 4 of the 2019 Minutes: click to open</p> <p>Please see page 7 of the 2020 Minutes: click to open</p> <p>The work experience, qualifications, and expertise of the Directors are stated in the Company's Definitive Information Statement for the period ended 31 December 2019 ("DIS"), its Securities and Exchange Commission ("SEC") Form 17-A for the period ended 31 December 2019 ("Annual Report"), and its Annual and Sustainability Report for 2019 ("ASR").</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 7 of the DIS: click to open</p> <p>Please see pages 28 to 30 of the ASR: click to open</p> <p>The profiles of the Board are also available on the Company's website: click to open</p>	

<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	<p>Compliant</p>	<p>It can be noted from the work experience, qualifications, and expertise of the Directors, that they continuously possess the necessary and appropriate mix of competence and skills which are relevant to the Company's industry.</p> <p>Moreover, Megawide's Manual on Corporate Governance (the "Manual") provides that the Board shall be composed of Directors with a collective working knowledge, experience, or expertise that is relevant to its industry/sector. The Board shall always ensure that it has an appropriate mix of competence and expertise, and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of Megawide based on the evolving business environment and strategic direction.</p> <p>Please see page 8, Section (VI) (1) (b), of the Manual: click to open</p> <p>The Directors remain qualified for their positions throughout their tenure. The Board's Governance, Nominations, and Compensation Committee ("GNCC") monitors the qualifications of the Directors and the grounds for the disqualification of a Director.</p> <p>Please see page 2, letter B, of the GNCC Charter: click to open</p>	
Recommendation 1.2			
<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>As can be seen from the 2019 Minutes and 2020 Minutes, the Board is composed of two (2) Executive Directors, one (1) Non-Executive Director, and four (4) Independent Directors, as follows:</p> <ul style="list-style-type: none"> a. Mr Edgar B. Saavedra – <i>Executive Director</i> b. Mr. Manuel Louie B. Ferrer – <i>Executive Director</i> c. Mr. Oliver Y. Tan – <i>Non-Executive Director</i> d. Former Chief Justice Hilario G. Davide, Jr. – <i>Independent Director</i> e. Mr. Leonilo G. Coronel – <i>Independent Director</i> f. Mr. Celso P. Vivas – <i>Independent Director</i> g. Mr. Alfredo E. Pascual – <i>Independent Director</i> <p>Please see page 4 of the 2019 Minutes: click to open</p> <p>Please see page 7 of the 2020 Minutes: click to open</p> <p>This is also apparent from the Company's DIS, Annual Report, and ASR.</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 7 of the DIS: click to open</p> <p>Please see pages 28 to 30 of the ASR: click to open</p> <p>The profiles of the Board are also available on the Company's website: click to open</p>	

Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Megawide’s Charter of the Board of Directors (“Board Charter”) and Manual state the Company’s policy on providing relevant training to its Directors covering topics on corporate governance mandated by the SEC, including an orientation program for first time Directors and annual training for all Directors, which shall be conducted by a government institution, or a private institution duly accredited by the SEC.	
2. Company has an orientation program for first time directors.	Compliant	<p>Please see page 8, letter c, of the Manual: click to open</p> <p>Please see page 10, Article XI (2), of the Board Charter: click to open</p>	
3. Company has relevant annual continuing training for all directors.	Compliant	<p>Furthermore, the GNCC was created by the Board to ensure that a system is adopted on the training of Directors which shall include an orientation program for first time Directors and relevant annual continuing training for all Directors. The orientation program shall cover topics on corporate governance mandated by the SEC and an introduction to the Company’s business, corporate/charter documents, and Company policies. Meanwhile, annual seminars and/or trainings shall concern courses on corporate governance matters relevant to the Company, including audit, internal control, risk management, sustainability, and strategy.</p> <p>Please see letter A of the GNCC Charter: click to open</p> <p>In fulfillment of the Company’s policy on providing annual continuing training programs and the requirements of SEC Memorandum Circular No. 20, Series of 2013, the Company organized a corporate governance training with the Institute of Corporate Directors (“ICD”) entitled, “Advance Corporate Governance Training”. The said training was held on 13 November 2019 at the head office of Megawide at No. 20 N. Domingo Street, Barangay Valencia, Quezon City. It was attended by the Company’s Directors and senior management.</p> <p>Please see the Certificates of Participation of the Directors and the senior management: click to open</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>The Company’s policy on Board diversity is emphasized in the Manual and the Board Charter, which state that the Company aims to maintain a Board comprised of talented and dedicated Directors with a diverse mix of expertise, experience, skills, and backgrounds, which shall reflect the diverse nature of the business environment in which the Company operates.</p> <p>Please see page 9, letter d, of the Manual: click to open</p> <p>Please see page 1, Article I (1), of the Board Charter: click to open</p>	

		<p>Megawide believes that its Board is composed of members with diverse skills and experiences which are relevant to the business and growth of the Company, as evidenced by their backgrounds, skills, qualifications, and expertise.</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 7 of the DIS: click to open</p> <p>Please see pages 28 to 30 of the ASR: click to open</p> <p>The profiles of the Board are also available on the Company’s website: click to open</p>	
Optional: Recommendation 1.4			
<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p>Compliant</p>	<p>As provided in the Manual, the Company believes in diversity, and values the benefits that diversity can bring to Megawide. Thus, the Company promotes the inclusion of different perspectives and ideas, which mitigates against group thinking and ensures that the Company has the opportunity to benefit from all available talent. The Company aims to maintain a Board comprised of talented and dedicated Directors with a diverse mix of expertise, experience, skills, and backgrounds, which shall reflect the diverse nature of the business environment in which the Company operates. For purposes of Board composition, diversity includes, but is not limited to, competence, business experience, geography, age, and gender.</p> <p>Please see page 9, letter d, of the Manual: click to open</p> <p>Furthermore, the GNCC is mandated by the Board to:</p> <p>“Develop a criterion for identifying, selecting, and evaluating candidates for the Board, including guidelines for assessing their independence. Amongst these criteria are desired board skills and attributes, business and management experience, diversity of talents, backgrounds, perspectives, ability to devote the time and effort necessary to fulfill the responsibilities as a Board member, and familiarity with the business and relevant regulatory requirements.”</p> <p>Please see letter B (1) of the GNCC Charter: click to open</p> <p>In this regard, the Company is able to ensure that the GNCC fulfills its functions through the conduct of the annual Board self-evaluation. As indicated in page 77 of the ASR, the Board accomplished the self-evaluation last 11 July 2019: click to open</p> <p>For reference, please see the Company’s Board Self-Evaluation Policy: click to open</p>	

Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>The Board is assisted by its Corporate Secretary, Atty. Anthony Leonard G. Topacio, who has served as Corporate Secretary since 04 November 2019. This was disclosed through The Philippines, Stock Exchange, Inc. (the "PSE") EDGE portal: click to open</p> <p>He was once again elected as Corporate Secretary, during the 30 July 2020 Organizational Meeting of the Board.</p> <p>Please see the results of the 2020 Organizational Meeting of the Board: click to open</p> <p>His profile is also available in page 70 of the Annual Report: click to open</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	<p>The Compliance Officer of the Company is Atty. Raymund Jay S. Gomez. He was initially designated as Compliance Officer during the meeting of the Board held on 07 August 2018, as disclosed through the PSE EDGE portal: click to open</p> <p>Atty. Gomez has been the Compliance Officer of the Company, until present date.</p> <p>Please see results of the 2020 Organizational Meeting of the Board: click to open</p> <p>The Management Team of the Company is also posted in its website, which clearly shows that the Corporate Secretary is a separate individual from the Compliance Officer: click to open</p>	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	<p>Atty. Anthony Leonard G. Topacio is not a member of the Board, which is currently composed of Mr. Edgar B. Saavedra, Mr. Oliver Y. Tan, Mr. Manuel Louie B. Ferrer, Mr. Leonilo G. Coronel, former Chief Justice Hilario G. Davide, Jr., Mr. Celso P. Vivas, and Mr. Alfredo E. Pascual.</p> <p>The members of the Board are posted on the Company's website: click to open</p>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>Atty. Anthony Leonard G. Topacio attended the corporate governance training, conducted by the Company with the ICD, on 13 November 2019, entitled, "Advanced Corporate Governance Training".</p> <p>Please see the Certificate of Participation of Atty. Topacio: click to open</p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	<p>The Corporate Secretary and the Assistant Corporate Secretary distributes materials for Board meetings at least five (5) business days before the scheduled meetings.</p> <p>This is certified by the Assistant Corporate Secretary in a Secretary's Certificate dated 03 August 2020.</p> <p>Please see Secretary's Certificate: click to open</p>	

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<p>The Board is assisted by its Compliance Officer, Atty. Raymund Jay S. Gomez, who was initially elected by the Board on 07 August 2018. Atty. Gomez is also the Chief Legal Officer and Data Protection Officer of the Company. Please see the PSE disclosure dated 07 August 2018: click to open</p> <p>Since his initial election on 07 August 2018, Atty. Gomez has continuously been the Compliance Officer of the Company. His most recent election as Compliance Officer was during the 2020 Organizational Meeting of the Board.</p> <p>Please see the results of the 2020 Organizational Meeting of the Board: click to open</p> <p>His profile is also available in page 69 of the Annual Report: click to open</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	<p>The Company's Compliance Officer, Atty. Raymund Jay S. Gomez, has a rank of Senior Vice President. He is also the Chief Legal Officer and Data Protection Officer of the Company.</p> <p>The designation of Atty. Gomez as Chief Legal Officer, Compliance Officer, and Data Protection Officer may also be seen in the Company's website: click to open</p>	
3. Compliance Officer is not a member of the board.	Compliant	<p>Atty. Raymund Jay S. Gomez is not a member of the Board which is composed of Mr. Edgar B. Saavedra, Mr. Oliver Y. Tan, Mr. Manuel Louie B. Ferrer, Mr. Leonilo G. Coronel, former Chief Justice Hilario G. Davide, Jr., Mr. Celso P. Vivas, and Mr. Alfredo E. Pascual.</p> <p>The members of the Board are posted on the Company's website: click to open</p>	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>Atty. Raymund Jay S. Gomez attended a corporate governance training conducted by the Company, with the ICD, on 13 November 2019, entitled, "Advanced Corporate Governance Training".</p> <p>Please see the Certificate of Participation of Atty. Gomez: click to open</p>	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<p>In accordance with its duties and functions under the Manual, the Board shall always act (and has always acted) on a fully informed basis, in good faith, with due diligence and care, and in the best interest of Megawide.</p> <p>Please see page 10, number 2, of the Manual: click to open</p>	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>Under the Manual and the Board Charter, it is the Board's responsibility to oversee the development of, and approve the Company's business objectives and strategy, and monitor their implementation.</p> <p>Please see page 11, letter b, of the Manual: click to open</p>	

<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>Please see page 7, Article IX (1) (b), of the Board Charter: click to open</p> <p>In this regard, the Chairman of the Board, Chief Executive Officer ("CEO"), and President of Megawide, Mr. Edgar B. Saavedra, regularly presents to the Board the strategic plan and annual operating plan of the Company for its review and approval. Thereafter, the Board and/or its committees, monitors the implementation of such plans through reports and updates made by management.</p>	
<p>Supplement to Recommendation 2.2</p>			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>In 2019, the Board updated the Company's vision, mission, and core values, which are stated in the About Us page of the Company's website: click to open</p> <p>The Corporate Governance portion of the Annual Report states that the Company's new vision, mission, and core values were launched in 2019.</p> <p>Please see page 78 of the Annual Report: click to open</p> <p>The Board regularly reviews the vision, mission, and core values of the Company.</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>The Manual and the Board Charter mandate that the Board shall provide sound strategic policies and guidelines to the Company on major capital expenditures, periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets, and management's overall performance.</p> <p>Please see page 11, letter e, of the Manual: click to open</p> <p>Please see page 7, Article IX (1) (e), of the Board Charter: click to open</p> <p>Additionally, the Board receives and properly evaluates the progress reports made by the Company's senior management on the execution of strategic plans, financial performance of the business, and in general, other matters related to the roles and responsibilities of the Board.</p> <p>Please see page 12, letter u, of the Manual: click to open</p> <p>Please see page 9, Article IX (1) (u), of the Board Charter: click to open</p> <p>Mr. Edgar B. Saavedra, the Chairman of the Board, also makes certain that every Board meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.</p> <p>Please see page 16, subsection i, of the Manual: click to open</p> <p>Please see page 9, Article X (1) (a), of the Board Charter: click to open</p>	

		<p>Moreover, the Board is supported by the following Board committees in assessing the performance of management and in ensuring that the Company's strategies are executed:</p> <ul style="list-style-type: none"> a. Executive Committee ("ExCom"); b. Finance Committee ("FC"); c. Audit and Compliance Committee ("ACC"); d. GNCC; and e. Board Risk Oversight Committee ("BROC"). 	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The Chairman of the Board, Mr. Edgar B. Saavedra, is an engineer and one of the founders of Megawide. He is personally responsible for leading the Company's diverse construction and infrastructure projects. His experience in the industry spans over twenty (20) years.</p> <p>Mr. Saavedra's profile is provided in Megawide's website, Annual Report and ASR.</p> <p>Please see Megawide's website: click to open</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 28 of the ASR: click to open</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>The Company's Manual and the Board Charter state that the Board shall adopt and implement an effective succession program for Directors and management to ensure growth and continued increase in shareholders' value. This will include adopting a policy on the retirement age of Directors and key officers as part of the Company's management succession.</p>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>Please see page 13, letter aa, of the Manual: click to open</p> <p>Please see page 9, Article IX (1) (aa), of the Board Charter: click to open</p> <p>The GNCC has been tasked by the Board to oversee and evaluate the Company's human resource planning process and succession plans for the Chief Executive Officer and other senior executive positions, as well as recommend for Board approval short-listed candidates for these positions. The GNCC shall also establish and review annually the emergency succession plan for the Chief Executive Officer and other senior executive positions.</p> <p>Please see letter C, numbers 1 and 2, of the GNCC Charter: click to open</p>	

Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p>The Manual and the Board Charter state that in setting the remuneration of management and Directors, the long-term interest of Megawide shall be taken into account. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Furthermore, no Director shall participate in discussions or deliberation involving his own remuneration.</p> <p>Please see page 12, letter t, of the Manual: click to open</p> <p>Please see page 9, Article IX (1) (t), of the Board Charter: click to open</p> <p>Moreover, the GNCC has been tasked by the Board to oversee the Company's succession plan and remuneration policy.</p> <p>Please see the GNCC Charter: click to open</p> <p>A brief description of the retirement benefits granted by the Company are discussed in the Annual Report.</p> <p>Please see page 74 of the Annual Report: click to open</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	<p>Through the GNCC, the Board shall oversee the establishment and administration of the Company's compensation program, and align the remuneration of key officers and Board members with its long-term interests. The GNCC shall formulate and adopt a policy specifying the relationship between remuneration and performance.</p> <p>Please see letter C of the GNCC Charter: click to open</p> <p>The GNCC regularly reviews the remuneration guidelines of the Human Resources Departments of the Company. The said guidelines are based on industry standards.</p>	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant		
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<p>The Manual and the Board Charter provide that the Board, through the GNCC, will have a formal and transparent Board nomination and election policy that will include how it accepts nominations from minority shareholders. The said policy will also include an assessment of the effectiveness of the Board's processes and procedures for the nomination, election, or replacement of a director.</p> <p>Please see page 11, number 2 (a), of the Manual: click to open</p> <p>Please see page 7, Article IX (1) (a), of the Board Charter: click to open</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		

4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	Pursuant to its Charter, the GNCC shall implement and oversee the Company's election and nomination policy.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	Please see the GNCC Charter: click to open The DIS also provides how the Company accepts and selects nominees for its Directors. Please see page 7 of the DIS: click to open	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	The Company has engaged several search firms, such as Capman Consulting, Ward Howell, Global Executive Group, and Viventis, to assist it in finding the right candidates for its senior executive positions and for the members of its Board.	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Board has adopted a Related Party Transactions ("RPT") Policy ("RPT Policy") which shall be enforced and monitored by the Board, with the assistance of the ACC. A review of the RPT Policy shows that it covers all entities within the Megawide group and provides for the identification and review, the thresholds, and the process for approval of RPTs. In 2019, the Company introduced changes to its RPT Policy in compliance with SEC Memorandum Circular No. 10, Series of 2019, which was approved by the Board on 02 September 2019.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Please see RPT Policy: click to open The Company's RPTs are enumerated in Megawide's DIS, Annual Report, and Audited Financial Statements for the period ended 31 December 2019 ("AFS").	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	Please see page 11 of the DIS: click to open Please see page 76, item 12, of the Annual Report: click to open Please see page 106, Note 28, of the AFS: click to open	

Supplement to Recommendations 2.7			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	Compliant	<p>The RPT Policy, approved by the Board, clearly defines the thresholds and categories for the disclosure and approval of RPTs. Under the RPT Policy, Material RPTs pertain to transactions between and among related parties, either individually, or in aggregate over a twelve (12)-month period with a total contractual value exceeding one percent (1%) of the total consolidated assets of the Company regardless of how the payment terms of the contract are structured.</p> <p>The ACC is granted the authority to review RPTs. Meanwhile, RPTs falling within the following thresholds shall require the approval of the Chief Executive Officer and/or President or the Board, as the case may be:</p> <ul style="list-style-type: none"> • Ten Million Pesos (Php 10,000,000.00) up to one percent (1%) of the value of the total consolidated assets of the Company, requires approval of the Chief Executive Officer and/or President; • exceeding one percent (1%) of the value of the total consolidated assets of the Company, requires approval of the Board; and • regardless of the amount, if involving Directors and/or officers, requires the approval of the Board. <p>Please see page 4, Section VI (1), of the RPT Policy: click to open</p> <p>As stated above, the Company's RPTs are disclosed and reported in the Company's filings with the SEC and the PSE.</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	Compliant	<p>The RPT Policy provides that all Material RPTs and RPTs involving Directors and/or officers shall be approved by at least the two-thirds (2/3) vote of the Board, with at least a majority of the Independent Directors voting to approve the Material RPTs and RPTs involving Directors and/or officers. In case that a majority of the Independent Directors' vote is not secured, the Material RPTs and RPTs involving Directors and/or officers shall be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.</p> <p>Please see page 5, Section VIII (5), of the RPT Policy: click to open</p>	

Recommendation 2.8			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>It is one of the Board’s primary responsibilities under the Manual and the Board Charter to approve the selection of senior management as led by the Chief Executive Officer, and the heads of the other control functions, such as the Chief Risk Officer, Compliance Officer, and Chief Audit Executive.</p> <p>Please see page 12, letter q, of the Manual: click to open</p> <p>Please see page 8, Article IX (1) (q), of the Board Charter: click to open</p> <p>Further, the GNCC is mandated by the Board to oversee and evaluate the Company’s human resource planning process and succession plans for the Chief Executive Officer and other senior executive positions, as well as recommend for Board approval short-listed candidates for these positions.</p> <p>Please see page 3, letter C (1), of the GNCC Charter: click to open</p> <p>In this regard, the GNCC is actively engaged in screening, selecting, and interviewing candidates for the Company’s senior executive positions and heads of its control functions, for the subsequent approval of the Board.</p> <p>Moreover, the Board, during its Organizational Meetings, elected the heads of its control functions and senior executives.</p> <p>Please see the results of the 2019 Organizational Meeting of the Board: click to open</p> <p>Please see the results of the 2020 Organizational Meeting of the Board: click to open</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>Under the Manual and the Board Charter, the Board is primarily responsible for assessing the performance of senior management, as led by the Chief Executive Officer, and the heads of the other control functions.</p> <p>Please see page 12, letter q, of the Manual: click to open</p> <p>Please see page 8, Article IX (1) (q), of the Board Charter: click to open</p> <p>As part of its duties and responsibilities, the GNCC assists the Board in assessing the performance of the Company’s senior management and the heads of the other control functions.</p> <p>Please see letter C of the GNCC Charter: click to open</p>	

Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>For the appraisal of management and personnel, the Company has a PeopleCore website/account where the performance management framework and/or employees' (rank and file to managerial) key performance indicators and evaluations are found. Unfortunately, this is only accessible internally.</p> <p>Additionally, the Board is able to assess the performance of management and personnel through the results of the annual balanced scorecard of every department of the Company.</p>	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<p>The Manual requires Megawide to have an adequate and effective internal control system, as can be seen from page 19, number 12, of the Manual: click to open</p> <p>Furthermore, the Manual and the Board Charter state that the Board shall ensure that an internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts within the Board and the Company.</p> <p>Please see page 13, letter cc, of the Manual: click to open</p> <p>Please see page 9, Article IX (1) (cc), of the Board Charter: click to open</p> <p>As such, the Company has adopted an Internal Audit Charter and Internal Audit Plan, which sets out the Company's internal control system.</p> <p>Please see Internal Audit Charter: click to open</p> <p>The Internal Audit Plan shall be uploaded on the Company's website under Corporate Governance.</p> <p>Moreover, the policies and processes implemented by the Company support its internal control system, such as the:</p> <ul style="list-style-type: none"> a. Code of Business Conduct and Ethics: click to open; b. Conflict of Interest – Supplemental Guidelines and Conflict of Interest Disclosure Form: click to open; c. Code of Conduct and Ethical Standards for Suppliers: click to open; d. Employee Code of Discipline: click to open; e. RPT Policy: click to open; f. Anti-Fraud Policy: click to open; and 	

<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>Compliant</p>	<p>g. Whistleblowing Policy: click to open.</p> <p>The Company's internal control system allows it to monitor and manage potential conflicts of interest, as can be seen from the foregoing.</p> <p>Meanwhile, the Internal Audit Department ("IAD") of the Company, headed by its Chief Audit Executive, Mr. Anthony B. Velasco, shall implement, manage, and monitor the Company's internal control system.</p> <p>Please see the Company's Organizational Chart: click to open</p> <p>The ACC and the Chief Audit Executive have issued statements on the adequacy of the internal control system of the Company for the year ended 31 December 2019, which are found on pages 124 to 127 of the ASR: click to open</p>	
<p>3. Board approves the Internal Audit Charter.</p>	<p>Compliant</p>	<p>The Company's revised Internal Audit Charter was approved by the Board on 03 June 2020. The said charter provides for a systematic and disciplined approach in evaluating and improving the Company's internal control system.</p> <p>Please see Internal Audit Charter: click to open</p>	
<p>Recommendation 2.11</p>			
<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Compliant</p>	<p>The Manual and the Board Charter require the Board to ensure that the Company has a sound enterprise risk management ("ERM") framework in place to effectively identify, monitor, assess, and manage key business risks.</p> <p>Please see page 12, letter r, of the Manual: click to open</p>	
<p>2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>Compliant</p>	<p>Please see page 8, Section (IX) (1) (r), of the Board Charter: click to open</p> <p>In this regard, the BROC was constituted by the Board to oversee the Company's ERM framework and ensure that the said system is able to identify, monitor, assess, and manage the credit, market, liquidity, operational, legal, and other risks faced by the Company and its business units.</p> <p>Please see BROC Charter: click to open</p> <p>Furthermore, the Company has adopted an ERM framework which allows it to identify key risk areas, as well as related performance indicators, and monitor these factors with due diligence. It also enables the Company to utilize risk management strategies to anticipate and prepare for potential threats to its operational and financial viabilities.</p> <p>Please see the ERM Manual of the Company: click to open</p>	

Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	The Board adopted the Board Charter on 11 June 2019, which clearly sets out its roles, responsibilities, and accountabilities in carrying out its fiduciary role. Hence, the Board Charter guides the Board in the performance of its functions.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Please see the Board Charter: click to open Furthermore, the roles, responsibilities, and accountabilities of the Board are also found in the Company's By-Laws and Manual. Please page 3, Article VIII, of the By-Laws: click to open Please see page 10, number 2, of the Manual: click to open	
3. Board Charter is publicly available and posted on the company's website.	Compliant	The Board Charter is available on the Company's website under Corporate Governance > Company Policies. Please see the Board Charter: click to open	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	The Board has adopted an Insider Trading Policy, during its meeting held on 14 May 2018, which clearly states the Company's policy against insider trading. Please see the Insider Trading Policy: click to open	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	The Company's RPT Policy prohibits the grant of personal loans, advances, guarantees, and securities, in any manner, to its Directors and/or officers, including their spouses and other dependents. Please see Section V, number 8, of the RPT Policy of the Company: click to open	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	The types of decision requiring Board approval are listed in the Company's Board Charter, By Laws, and Manual. Please see page 6, Article VIII, of the Board Charter: click to open Please see page 3, Article III, of the By-Laws: click to open Please see page 10 of the Manual: click to open	

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board’s functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>As stated in the Manual and the Board Charter, the Board has established the following committees to aid it in the optimal performance of its roles and responsibilities:</p> <ul style="list-style-type: none"> a. ExCom; b. FC; c. ACC; d. GNCC; and e. BROCC. <p>Please see page 13, number 3, of the Manual: click to open</p> <p>Please see page 4, Article IV (1), of the Board Charter: click to open</p> <p>The charters of the foregoing Board Committee are attached to Manual, beginning on page 27: click to open</p> <p>The charters are also found on the Company’s website under Corporate Governance > Board Committees:</p> <p>Executive Committee Charter Finance Committee Charter Audit and Compliance Committee Charter Governance, Nominations and Compensation Committee Charter Board Risk Oversight Committee Charter</p>	
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Recommendation 3.2

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>Compliant</p>	<p>The Board established the ACC, and approved its charter during its Board meeting held on 14 May 2018, which shall oversee the Company’s financial reporting procedure, system of internal control, audit process, and compliance with applicable laws, rules and regulations.</p> <p>Please see the ACC Charter: click to open</p>	
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<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>The following are the members of the ACC in 2019 and for 2020:</p> <ul style="list-style-type: none"> a. Mr. Celso P. Vivas – <i>Chairman, Non-Executive, and Independent Director</i> b. Mr. Leonilo G. Coronel – <i>Vice Chairman, Non-Executive, and Independent Director</i> c. Former Chief Justice Hilario G. Davide – <i>Non-Executive and Independent Director</i> d. Mr. Alfredo E. Pascual – <i>Non-Executive and Independent Director</i> e. Mr. Oliver Y. Tan – <i>Non-Executive Director</i> <p>The membership of the ACC in 2019 is found in the results of the 2019 Organizational Meeting of the Board: click to open</p> <p>The membership of the ACC for 2020 is found in the results of the 2020 Organizational Meeting of the Board: click to open</p> <p>The membership of the ACC is in accordance with its charter, which requires the ACC to be composed of a majority of Non-Executive and Independent Directors, including its Chairman.</p> <p>Please see the Committee Composition in the ACC Charter: click to open</p> <p>For reference, Megawide’s elected Independent Directors in 2019 and for 2020 are found below:</p> <p>Please see page 4 of the 2019 Minutes: click to open</p> <p>Please see page 7 of the 2020 Minutes: click to open</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>The members of the ACC have the relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 7 of the DIS: click to open</p> <p>Please see pages 28 to 30 of the ASR: click to open</p> <p>Please see the Company’s website: click to open</p>	

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>Under the ACC Charter, its Chairman shall not be the Chairman of any other committee.</p> <p>Please see the Committee Composition in the ACC Charter: click to open</p> <p>It can be noted from results of the 2019 and 2020 Organizational Meetings of the Board that Mr. Celso P. Vivas is the Chairman of the ACC. Moreover, he is not the Chairman of any other committee.</p> <p>Please see the results of the 2019 Organizational Meeting of the Board: click to open</p> <p>Please see the results of the 2020 Organizational Meeting of the Board: click to open</p>	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>One of the ACC's responsibilities is to approve all non-audit services conducted by the external auditors. Please see Letter A, number 14, of the ACC Charter: click to open</p> <p>In this regard, the Annual Report and the DIS show the audit and non-audit services rendered by the Company's external auditors for 2019, which were approved by the ACC. The Annual Report and DIS also explain the ACC's pre-approval policy for all audit and non-audit services to be rendered by external auditors, including the engagement fee and any other compensation to be paid to such external auditors.</p> <p>Please see page 65 of the Annual Report: click to open</p> <p>Please see page 26 of the Management Report attached to the DIS: click to open</p> <p>Additionally, the report of the ACC to the Board provides that the ACC, in 2019, evaluated the non-audit work furnished by Punongbayan & Araullo ("P&A"), the Company's external auditors, including the non-audit fees paid, particularly, on its impact on the total annual audit fees and consultancy expenses of the Megawide Group: click to open</p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	<p>The ACC conducts regular meetings and dialogues with the external audit team. For matters requiring the exclusion of people from the management team, they are asked to step out.</p> <p>Please see letter A of the ACC Charter: click to open</p> <p>On behalf of the ACC and before the audit of the Company's Annual Financial Statements was finalized, the Chairman of the ACC, had a private tele-conversation with P&A to confirm whether there are any unresolved critical or material audit issues: click to open</p>	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	<p>The ACC had twelve (12) meetings in 2019. This is certified by the Corporate Secretary in a Secretary's Certificate dated 26 December 2019.</p> <p>Please see certification: click to open</p>	

<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	<p>Compliant</p>	<p>In accordance with the ACC Charter, the ACC shall consider the appointment of an independent internal auditor and determine, if ever, the terms and conditions of his engagement and removal.</p> <p>Please see Letter A of the ACC Charter: click to open</p> <p>In this regard, the ACC reported that it supervised the activities of the IAD of Megawide and assessed their performance: click to open</p>	
<p>Recommendation 3.3</p>			
<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>Compliant</p>	<p>The Board established the GNCC, which is tasked to assist the Board in the performance of its corporate governance responsibilities. The Board approved the GNCC Charter during its meeting held on 14 May 2018.</p> <p>Please the GNCC Charter: click to open</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Compliant</p>	<p>The GNCC is composed of the following members, four (4) of whom are Independent Directors:</p> <ul style="list-style-type: none"> a. Former Chief Justice Hilario G. Davide, Jr – <i>Chairman and Independent Director</i> b. Mr. Alfredo E. Pascual – <i>Vice Chairman and Independent Director</i> c. Mr. Celso P. Vivas – <i>Independent Director</i> d. Mr. Leonilo G. Coronel – <i>Independent Director</i> e. Mr. Manuel Louie B. Ferrer – <i>Executive Director</i> <p>The membership of the GNCC in 2019 is found in the results of the 2019 Organizational Meeting of the Board: click to open</p> <p>The membership of the GNCC for 2020 is found in the results of the 2020 Organizational Meeting of the Board: click to open</p> <p>For reference, Megawide’s elected Independent Directors for 2019 and 2020 are the following:</p> <p>Please see page 4 of the 2019 Minutes: click to open</p> <p>Please see page 7 of the 2020 Minutes: click to open</p>	

<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Compliant</p>	<p>As required by the GNCC Charter, the Chairman of the GNCC, former Chief Justice Hilario G. Davide, Jr., is an Independent Director.</p> <p>Please see the Committee Composition in the GNCC Charter: click to open</p> <p>For reference, Megawide’s elected Independent Directors for 2019 and 2020 are found below:</p> <p>Please see page 4 of the 2019 Minutes: click to open</p> <p>Please see page 7 of the 2020 Minutes: click to open</p>	
<p>Optional: Recommendation 3.3.</p>			
<p>1. Corporate Governance Committee meet at least twice during the year.</p>	<p>Compliant</p>	<p>The GNCC had six (6) meetings in 2019. This is certified by the Corporate Secretary in a Secretary’s Certificate dated 26 December 2019.</p> <p>Please see certification: click to open</p>	
<p>Recommendation 3.4</p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company’s Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Compliant</p>	<p>The Board established a BROC to oversee the Company’s ERM framework. The Charter of the BROC was approved by the Board during its meeting on 3 April 2019.</p> <p>Please see BROC Charter: click to open</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Compliant</p>	<p>The following are the members of the BROC, majority of whom are Independent Directors:</p> <ul style="list-style-type: none"> a. Mr. Alfredo E. Pascual – <i>Chairman, Independent Director</i> b. Mr. Celso P. Vivas – <i>Vice Chairman, Independent Director</i> c. Mr. Leonilo G. Coronel – <i>Independent Director</i> d. Chief Justice Hilario G. Davide, Jr. – <i>Independent Director</i> e. Mr. Edgar B. Saavedra – <i>Executive Director</i> <p>The membership of the BROC in 2019 is found in the results of the 2019 Organizational Meeting of the Board: click to open</p> <p>The membership of the BROC for 2020 is found in the results of the 2020 Organizational Meeting of the Board: click to open</p> <p>For reference, Megawide’s elected Independent Directors for 2019 and 2020 are found below:</p> <p>Please see page 4 of the 2019 Minutes: click to open</p> <p>Please see page 7 of the 2020 Minutes: click to open</p>	

3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	<p>As required in the BROC Charter, the Chairman of the BROC, Mr. Alfredo E. Pascual, is not a Chairman of any other committee.</p> <p>Please see the Committee Composition in the BROC Charter: click to open</p> <p>It can be noted from results of the 2019 and 2020 Organizational Meetings of the Board that Mr. Pascual is not the Chairman of any other Board committee.</p> <p>Please see the results of the 2019 Organizational Meeting of the Board: click to open</p> <p>Please see the results of the 2020 Organizational Meeting of the Board: click to open</p>	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<p>The members of the BROC have relevant and thorough knowledge and experience on risk and risk management, as evidenced by the credentials of its members found in the following:</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 7 of the DIS: click to open</p> <p>Please see pages 28 to 30 of the ASR: click to open</p> <p>Please see Company's website: click to open</p>	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<p>The ACC shall perform the functions of the RPT committee, as stated in its charter.</p> <p>Please see page 2, letter B, of the ACC Charter: click to open</p>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<p>The ACC is composed of the following members:</p> <ul style="list-style-type: none"> a. Mr. Celso P. Vivas – <i>Chairman, Non-Executive and Independent Director</i> b. Mr. Leonilo G. Coronel – <i>Vice Chairman, Non-Executive and Independent Director</i> c. Former Chief Justice Hilario G. Davide – <i>Non-Executive and Independent Director</i> d. Mr. Alfredo E. Pascual – <i>Non-Executive and Independent Director</i> e. Mr. Oliver Y. Tan – <i>Non-Executive Director</i> 	

		<p>The membership of the ACC in 2019 is found in the results of the 2019 Organizational Meeting of the Board: click to open</p> <p>The results of the ACC for 2020 is found in the results of the 2020 Organizational Meeting of the Board: click to open</p> <p>For reference, Megawide’s elected Independent Directors for 2019 and 2020 are found below:</p> <p>Please see page 4 of the 2019 Minutes: click to open</p> <p>Please see page 7 of the 2020 Minutes: click to open</p>	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	<p>The charters of the Company’s established Board committees state in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information. The charters also provide the standards for evaluating the performance of the committees.</p> <p>The charters of the established Board committees are annexed to the Manual.</p>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	<p>Please see page 27 of the Manual: click to open</p> <p>Moreover, they are also found on the Company’s website under Corporate Governance > Board Committees:</p>	
3. Committee Charters were fully disclosed on the company’s website.	Compliant	<p>Executive Committee Charter Finance Committee Charter Audit and Compliance Committee Charter Governance, Nominations and Compensation Committee Charter Board Risk Oversight Committee Charter</p> <p>Pursuant to their Charters, the Board committees are required to review their performance annually with respect to the fulfillment of their duties, functions, and responsibilities, through the Board Self-Evaluation Policy: click to open</p>	

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>The Manual and the Board Charter provide that the Directors shall attend and actively participate in all meetings of the Board, committees, and stockholders in person or through tele-/video conferencing in accordance with the rules and regulations of the SEC.</p> <p>Please see page 14, number 4 (a), of the Manual: click to open</p> <p>Please see page 10, Article XI (3), of the Board Charter: click to open</p> <p>The Directors' active participation is evident in their attendance in Board and committee meetings held from 01 January 2019 to 31 December 2019:</p> <p>This is certified by the Corporate Secretary in a Secretary's Certificate dated 26 December 2019.</p> <p>Please see certification: click to open</p> <p>Additionally, the attendance of the Directors to Board and committee meetings are also available on the Annual Report and ASR.</p> <p>Please see page 71 of the Annual Report: click to open</p> <p>Please see pages 85 to 87 of the ASR: click to open</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>The Manual and the Board Charter require that for Board and committee meetings, the Directors shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.</p> <p>Please see page 14, number 4 (a), of the Manual: click to open</p> <p>Please see page 10, Article XI (3), of the Board Charter: click to open</p> <p>Moreover, the Corporate Secretary and the Assistant Corporate Secretary distributes materials for Board and committee meetings at least five (5) business days before the scheduled meetings, which allows the Directors to review the materials ahead of time.</p> <p>This is certified by the Assistant Corporate in a Secretary's Certificate dated 03 August 2020.</p> <p>Please see certification: click to open</p>	

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>During Board and committee meetings, the Directors actively participate in the discussions and ask questions, seek clarifications, and explanations, which are addressed by the relevant resource persons.</p> <p>The Directors' comments and questions, as well as the answers to the same, are recorded in the minutes of the Board and committee meetings.</p>	
Recommendation 4.2			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p>The directorships of the Company's Directors in both listed and non-listed companies are disclosed in Megawide's Annual Report, DIS, and ASR.</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 7 of the DIS: click to open</p> <p>Please see pages 28 to 30 of the ASR: click to open</p> <p>Particularly, the directorships of the Company's Independent Directors are listed in the Certificates of Independent Directors attached to the DIS.</p> <p>Please see the DIS: click to open</p> <p>It can be noted that the Company's Directors serve in less than five (5) publicly-listed companies.</p> <p>Meanwhile, the Manual and the Board Charter state that the Non-Executive Directors of the Board may concurrently serve as a Director to a maximum of five (5) publicly listed companies.</p> <p>Please see page 14, number 4 (b), of the Manual: click to open</p> <p>Please see page 2, Article II (2), of the Board Charter: click to open</p>	
Recommendation 4.3			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>The Manual and the Board Charter require Directors to notify the Board before accepting a directorship in another company.</p> <p>Please see page 14, number 4 (c) of the Manual: click to open</p> <p>Please see page 10, Article XI (4), of the Board Charter: click to open</p>	

Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	<p>The Executive Directors of the Company do not serve in more than two (2) boards of listed companies outside the group. As evidenced by:</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 7 of the DIS: click to open</p> <p>Please see pages 28 to 30 of the ASR: click to open</p> <p>Please see Company's website: click to open</p>	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	<p>The Company schedules its Board and Committee meetings at the beginning of each financial year.</p> <p>This is certified by the Assistant Corporate Secretary in a Secretary's Certificate dated 03 August 2020.</p> <p>Please see certification: click to open</p>	
3. Board of directors meet at least six times during the year.	Compliant	<p>There were six (6) board meetings held in 2019. This is certified by the Corporate Secretary in a Secretary's Certificate dated 26 December 2019.</p> <p>Please see certification: click to open</p> <p>Furthermore, this is evident from the attendance of the Directors provided in the ASR and Annual Report.</p> <p>Please see page 71 of the Annual Report: click to open</p> <p>Please see pages 85 to 87 of the ASR: click to open</p>	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Non-Compliant		The Board follows the minimum quorum as indicated in the Revised Corporation Code of the Philippines.

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	<p>In 2019 and for 2020, the Company's stockholders elected four (4) Independent Directors to its Board, who are the following:</p> <ul style="list-style-type: none"> a. Mr. Leonilo G. Coronel – <i>Lead Independent Director</i> b. Former Chief Justice Hilario G. Davide, Jr. – <i>Independent Director</i> c. Mr. Celso P. Vivas – <i>Independent Director</i> d. Mr. Alfredo E. Pascual – <i>Independent Director</i> <p>For reference, Megawide's elected Independent Directors for 2019 and 2020 are found below:</p> <p>Please see page 4 of the 2019 Minutes: click to open</p> <p>Please see page 7 of the 2020 Minutes: click to open</p>	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<p>The Certificates of Independent Director show that each of the Independent Directors possess all the qualifications and none of disqualifications to hold the said position.</p> <p>Please see the DIS: click to open</p>	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	<p>The Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the Directors' ability to vote independently. In fact, it is a policy of the Company for the Board to exercise objective and independent judgment on all corporate affairs.</p> <p>Please see page 4, Principle 5, of the Manual: click to open</p> <p>Please see page 2, Article II (2), of the Board Charter: click to open</p>	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p>The Certificates of Independent Directors show the number years each Independent Director has served in the Company.</p> <p>Please see the DIS: click to open</p> <p>The Manual and the Board Charter require that an Independent Director shall only serve for a maximum cumulative term of nine (9) years.</p> <p>Please see page 15, letter c, of the Manual: click to open</p> <p>Please see page 2, Article II (3), of the Board Charter: click to open</p>	

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	<p>The Manual and the Board Charter perpetually bars from re-election an Independent Director who has served the Company for nine (9) years.</p> <p>Please see page 15, letter c, of the Manual: click to open</p> <p>Please see page 2, Article II (3), of the Board Charter: click to open</p>	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	<p>Megawide undertakes to provide meritorious justification and to secure shareholders' approval during the ASM, should this scenario occur.</p> <p>Please see page 15, letter c, of the Manual: click to open</p> <p>Please see page 2, Article II (3), of the Board Charter: click to open</p>	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Non-Compliant	<p>The Chairman of the Board and Chief Executive Officer of the Company is Mr. Edgar B. Saavedra.</p> <p>Given that the positions of Chairman of the Board and Chief Executive Officer are held by the same person, the Board has appointed Mr. Leonilo G. Coronel as its Lead Independent Director in 2019 and for 2020, in order to foster an appropriate balance of power, increased accountability, and better capacity for independent decision making by the Board.</p> <p>The appointment of Mr. Coronel as Lead Independent Director in 2019 and for 2020 are found below:</p> <p>Please see results of the 2019 Organizational Meeting of the Board: click to open</p> <p>Please see results of the 2020 Organizational Meeting of the Board: click to open</p> <p>The designation of a Lead Independent Director, when the positions of Chairman of the Board and Chief Executive Officer are held by the same person, are provided in the Manual and the Board Charter.</p> <p>Please see page 16, letter d, of the Manual: click to open</p> <p>Please see page 5, Article V (4), of the Board Charter: click to open</p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>The Manual clearly sets apart the responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Please see page 16, subsections i and ii, of the Manual: click to open</p>	

Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<p>The Chairman of the Board in 2019 and for 2020 is Mr. Edgar B. Saavedra, who is an Executive Director.</p> <p>The appointment of Mr. Coronel as Lead Independent Director in 2019 and for 2020 are found below:</p> <p>Please see results of the 2019 Organizational Meeting of the Board: click to open</p> <p>Please see results of the 2020 Organizational Meeting of the Board: click to open</p>	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>As stated in the Manual, any Director with a material interest affecting Megawide shall abstain from taking part in the deliberations pertaining to such transactions to ensure that he has no influence over its outcome.</p> <p>Please see page 17, letter e, of the Manual: click to open</p> <p>Additionally, the RPT Policy mandates that Directors with personal interest in a certain RPT should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.</p> <p>Please see page 6, Section VIII (6), of the RPT Policy: click to open</p>	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	<p>As stated in the Manual and the Board Charter, the Non-Executive Directors of the Company shall have separate periodic meetings with the external auditors and heads of the internal audit, as part of their compliance and risk functions, without any Executive Directors present to ensure that proper checks and balances are in place within the Company. If a Lead Independent Director is appointed, such periodic meetings shall be chaired by him.</p> <p>Please see page 17, letter f, of the Manual: click to open</p>	
2. The meetings are chaired by the lead independent director.	Compliant	<p>Please see page 6, Article VII (11), of the Board Charter: click to open</p> <p>In this regard, the ACC met periodically with the Chief Audit Executive and the IAD, as provided in the report of the ACC to the Board: click to open</p>	

Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	<p>None of the Directors was a former Chief Executive Officer of the Company in the past two (2) years, as evidenced by the following:</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 7 of the DIS: click to open</p> <p>Please see pages 28 to 30 of the ASR: click to open</p> <p>Please see Company's website: click to open</p>	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	<p>The GNCC Charter provides that it will assess the performance of the Board by accomplishing the Company's Annual Corporate Governance Self-Evaluation Report.</p> <p>Please see the GNCC Charter: click to open</p>	
2. The Chairman conducts a self-assessment of his performance.	Compliant	<p>Moreover, the Board has approved a Board Self-Evaluation Policy, which provides for the conduct of an annual self-assessment by the Board, its Chairman, its individual Directors, and the Board committees.</p> <p>Please see Board Self-Evaluation Policy: click to open</p>	
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant	<p>The Board conducted a self-evaluation on 11 July 2019. The results of such self-evaluation are confidential.</p> <p>Please see page 77, number 8, of the ASR: click to open</p>	
5. Every three years, the assessments are supported by an external facilitator.	Compliant	<p>The Manual and the Board Charter state that the Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, all the Directors, and the Board committees. If the need arises, every three (3) years, such assessment will be supported by an external facilitator.</p> <p>Please see page 17, number 6 (a), of the Manual: click to open</p> <p>Please see page 11, Article XII (1), of the Board Charter: click to open</p>	

Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	<p>The Board Self-Evaluation Policy provides, at the minimum, the criteria and process to determine the performance of the Board, its individual Directors, and the Board committees.</p> <p>Please see Board Self-Evaluation Policy: click to open</p>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<p>The shareholders of Megawide are encouraged to provide feedback, and may easily reach the Company through the contact details provided in the website: click to open</p> <p>Particularly, shareholders may reach the Company through its Investor Relations Office (“IRO”):</p> <p>Ms. Joan Cosico <i>Investor Relations Head</i> jcosico@megawide.com.ph</p> <p>Mr. Rolando Bondoy <i>Assistant Vice President – Investor Relations</i> rbondoy@megawide.com.ph</p> <p>Office address: 20 N. Domingo Street, Barangay Valencia, Quezon City Email address: investorrelations@megawide.com.ph</p>	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	<p>Megawide is guided by the highest ethical standards of honesty, integrity, and accountability in the conduct of its business. Its Code of Business Conduct and Ethics serves as a statement of the Company’s ethical beliefs, values, and commitments, and is a moral guide to the day-to-day activities of all Directors, officers, employees, interns, agents, consultants, sub-contractors, and other persons associated with or representing the Company.</p> <p>The Board adopted the Code of Business Conduct and Ethics on 14 May 2018.</p> <p>Please see the Code of Business Conduct and Ethics: click to open</p> <p>Moreover, the Board, on 03 April 2019, approved a Code of Conduct and Ethical Standards for Suppliers to guide third parties on the standards, virtues, and values they must uphold and practice in all their dealings with the Company.</p> <p>Please see the Code of Conduct and Ethical Standards for Suppliers: click to open</p>	

2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Megawide has conducted orientation seminars for the Board, senior management, and employees where the Code of Business Conduct and Ethics and Code of Conduct and Ethical Standards for Suppliers are discussed and explained. Moreover, they have been informed that the said codes are accessible and downloadable through the Company's website.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	The Code of Business Conduct and Ethics is available in the Company's website: click to open The Code of Conduct and Ethical Standards for Suppliers is available in the Company's website: click to open	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	<p>Part IV of the Code of Business Conduct and Ethics and letter B of the Code of Conduct and Ethical Standards for Suppliers provide for the Company's policy in relation to bribery.</p> <p>Failure to comply with laws and policies on bribery will not only lead to grave consequences, such as the termination of employment and/or severance of the business relations, but may also entail civil and/or criminal penalties.</p> <p>Please see the Code of Business Conduct and Ethics: click to open</p> <p>Please see the Code of Conduct and Ethical Standards for Suppliers: click to open</p> <p>The Company has also rolled-out its Whistleblowing Policy to its employees, personnel, suppliers, contractors, and customers, to curb the occurrence of bribery and encourage its reporting.</p> <p>Please see the Whistleblowing Policy: click to open</p> <p>Furthermore, the Company has adopted the Anti-Fraud Policy which establishes the guidelines, procedures, and controls that will facilitate the prevention, detection, reporting, investigation, and punishment of all fraudulent activities.</p> <p>Please see the Anti-Fraud Policy: click to open</p> <p>The Company's Employee Code of Discipline also provides for the penalties to be imposed on an employee, should he/she be involved in any act of bribery.</p> <p>Please see Employee Code of Discipline: click to open</p>	

Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Directors, management, employees, including subcontractors, work together to ensure prompt and consistent action against violations of the Code of Business Conduct and Ethics and the other policies, rules, and regulations of the Company.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<p>Megawide encourages everyone to report all infractions or violations through the Whistleblowing Policy or directly to the Chief Human Resources Officer or the Chief Legal Officer/Compliance Officer of the Company.</p> <p>The procedure by which the Board implements and monitors compliance with the Code of Business Conduct and Ethics and with the Company's internal policies are found in Part VIII of the Code of Conduct and Business and Ethics.</p> <p>Please see Part VIII of the Code of Business Conduct and Ethics: click to open</p> <p>Moreover, the IAD is responsible for ensuring that the internal policies and procedures of the Company are implemented and complied with.</p>	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>The Company's disclosures are made available on Megawide's website, https://megawide.com.ph/</p> <p>Furthermore, disclosures made by the Company through the PSE EDGE portal are linked on the website under Company Disclosures > PSE Disclosures: click to open</p> <p>Through the Manual, the Board has established corporate disclosure policies and procedures that shall ensure a comprehensive, accurate, reliable and timely reports to shareholders and other stakeholders.</p> <p>Please see page 18, number 8 (a), of the Manual: click to open</p>	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	<p>Megawide makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions through its website and its PSE EDGE disclosures.</p> <p>The Company also complies with the deadlines prescribed by the PSE and the SEC for such reports.</p> <p>Reports submitted to the SEC can be found on the Company's website: click to open</p> <p>Reports submitted to the PSE can be found on the following link: click to open</p>	

<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>The Company discloses in its Annual Report, DIS, and ASR the ownership interest of its controlling shareholders, including its top 20 shareholders.</p> <p>Please see page 74 of the Annual Report for the ownership interest of controlling shareholders: click to open</p> <p>Please see page 4 of the DIS for the ownership interest of controlling shareholders: click to open</p> <p>Please see page 82 of the ASR for the ownership interest of controlling shareholders: click to open</p> <p>Please see page 45 of the Annual Report for the top 20 shareholders of the Company: click to open</p> <p>Additionally, the Company's conglomerate map detailing the cross-holdings among the Company's subsidiaries and affiliates are included in the Annual Report and posted in the Company's website.</p> <p>Please see Annual Report: click to open</p> <p>Please Conglomerate Map in the Company's website: click to open</p> <p>The RPTs of the Company are also disclosed in its Annual Report, DIS, and AFS.</p> <p>Please see page 11 of the DIS: click to open</p> <p>Please see page 76 of the Annual Report: click to open</p> <p>Please see page 106, Note 28, of the AFS: click to open</p> <p>Moreover, there is no voting imbalance given that every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name. Each stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate his shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal; or he may distribute these shares on the same principle among as many candidates as he shall see fit.</p> <p>Please see page 4 of the of the DIS: click to open</p> <p>Finally, the ASR indicates the rights of all shareholders to vote and participate in the decision making of the Company.</p> <p>Please see page 78 of the ASR: click to open</p>	
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Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	The Company's Insider Trading Policy requires Directors and officers of the Company to disclose and report to the Compliance Officer their dealings in Megawide's shares. Please see the Insider Trading Policy: click to open	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	The Manual also requires Directors and officers to disclose or report to Megawide any of their dealings in its shares within three (3) business days. Please see page 18, letter b, of the Manual: click to open	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	<p>The Company regularly discloses the trading of its shares by Directors, officers, and controlling stockholders in its website and the PSE EDGE portal, through the following reports:</p> <ul style="list-style-type: none"> a. Quarterly Public Ownership Reports; and b. Statement of Beneficial Ownership (Forms 23-A and 23-B). <p>The latest Quarterly Public Ownership Report and Statement of Beneficial Ownership, disclosed through the PSE EDGE portal are the following:</p> <p>Please see the Public Ownership Report dated 14 July 2020: click to open</p> <p>Please see Statement of Beneficial Ownership of Securities dated 03 July 2020: click to open</p> <p>Moreover, the list of the top 100 shareholders of Megawide is disclosed monthly with the PSE. It is accessible at the PSE EDGE portal and Megawide's website.</p> <p>Please see the PSE disclosure on the list of top 100 stockholders: click to open</p> <p>Please see the list of top 100 shareholders on the Company's website: click to open</p> <p>The security ownership of management and Directors are also listed in the Annual Report and DIS.</p> <p>Please see page 75 of the Annual Report: click to open</p> <p>Please see page 5 of the DIS: click to open</p>	

Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>The Annual Report, DIS, ASR, and the website provide for material information on individual Directors, including their experience and qualifications.</p> <p>Please see page 67 of the Annual Report: click to open</p> <p>Please see page 7 of the DIS: click to open</p> <p>Please see pages 28 to 30 of the ASR: click to open</p> <p>Please see the Megawide website: click to open</p>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>The Annual Report and DIS provide for material information on key executives, including their experience and qualifications.</p> <p>Please see page 69 of the Annual Report: click to open</p> <p>Please see page 9 of the DIS: click to open</p>	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<p>The Manual requires that the Company provide a clear disclosure of its policies and procedures for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. The Company may also disclose the remuneration on an individual basis, including termination and retirement.</p>	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	<p>Please see page 18, number 8 (d) of the Manual: click to open</p> <p>The policy of the Company for Board remuneration is also provided in its By-Laws.</p> <p>Please see By-Laws: click to open</p>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	<p>The compensation of Directors and executive are also clearly disclosed and explained in the Annual Report, DIS, and ASR.</p> <p>Please see page 73 of the Annual Report: click to open</p> <p>Please see page 12 of the DIS: click to open</p> <p>Please see page 87 of the ASR: click to open</p>	

Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<p>The Manual provides that the Company shall disclose all its policies governing RPTs and other unusual or infrequently occurring transactions.</p> <p>Please see page 18, Section VII (8) (e), of the Manual: click to open</p> <p>Moreover, the Company's RPT Policy is posted on its website.</p> <p>Please see the RPT Policy: click to open</p> <p>As stated in the RPT Policy, RPTs that are required to be disclosed and reported in the Company's filings with the SEC shall be disclosed in accordance with laws, rules, regulations, Philippine Financial Reporting and Accounting Standards. Megawide shall comply with Philippine Accounting Standards 24's required disclosures of relationships between the Company and its affiliates irrespective of whether there have been transactions between them, transactions and outstanding balances, including commitments, in the consolidated and separate individual financial statements.</p> <p>The ACC is granted the authority to review RPTs, except those falling within the material thresholds, provided under the RPT Policy, that shall require the approval of the Chief Executive Officer and/or President, or the Board, as the case may be.</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p>All RPTs that are reviewed and approved, in accordance with the Company's RPT Policy, are immediately disclosed through the PSE EDGE portal, as a material transaction.</p> <p>The Company's RPTs for the year are enumerated in its Annual Report, DIS, and AFS.</p> <p>Please see page 11 of the DIS: click to open</p> <p>Please see page 76 of the Annual Report: click to open</p> <p>Please see page 106, Note 28, of the AFS: click to open</p>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>In compliance with the RPT Policy, Directors must immediately disclose their interests in transactions or any other conflicts of interest.</p> <p>Please see page 3, Section V (6), of the RPT Policy: click to open</p> <p>Additionally, Directors are required to complete the Conflict of Interest Disclosure Form attached to the Conflict of Interest Policy Supplemental Guidelines upon joining the Board.</p> <p>Please see Conflict of Interest Disclosure Form: click to open</p>	

		<p>The Company complies with the requirements of Section 31 of the Revised Corporation Code on “Dealings of directors, trustees or officers with the corporation.”</p> <p>Directors who are aware of an actual or potential conflict of interest must immediately bring such matter to the attention of the Chief Human Resources Officer or the Chief Legal Officer of the Company.</p> <p>Please see Code of Business Conduct and Ethics: click to open</p>	
Optional: Recommendation 8.5			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms’ length.</p>	Compliant	<p>The Manual requires the Board to formulate and implement policies and procedures that would ensure the integrity and transparency of RPTs between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, shareholders, officers, and Directors, including their spouses, children, dependent sibling and parents, and of interlocking Director relationships by members of the Board.</p> <p>Please see page 12, letter m, of the Manual: click to open</p> <p>Moreover, the RPT Policy requires the Board and/or the ACC, as the case may be, to consider whether such transactions are fair and at arm’s length. As such, the Company is able to ensure that all its RPTs are fair and at arm’s length.</p> <p>Please see the RPT Policy: click to open</p>	
Recommendation 8.6			
<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>	Compliant	<p>Megawide makes a full, fair, accurate, and timely disclosure to the public every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or interest of its shareholders and other stakeholders.</p> <p>This is evident from the material transactions disclosed by the Company in the PSE EDGE portal.</p> <p>The following is a link to Megawide’s disclosures in the PSE EDGE portal: click to open</p>	

<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>Compliant</p>	<p>There has been no significant disposal of assets affecting the viability of the shareholders and other stakeholders. Should there be any, the Company shall adhere to its Manual which requires the appointment of an independent party to evaluate the fairness of the transactions on the said acquisition or disposal of assets.</p> <p>Please see page 18, number 8 (f), of the Manual: click to open</p> <p>Moreover, if the transaction is an RPT, the RPT policy mandates that:</p> <p>“Before the execution of any Material RPT, the Board should appoint an external independent party to evaluate the fairness of the terms of the said Material RPT.”</p> <p>Please see page 5, Section VIII (4), of the RPT Policy: click to open</p>	
<p>Supplement to Recommendation 8.6</p>			
<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	<p>Compliant</p>	<p>Material transactions that may have an impact on the control, ownership and strategic direction of the Company are promptly disclosed through the PSE EDGE portal and may be accessed at: click to open</p> <p>Moreover, the Company has provided in the Annual Report that there is no voting trust arrangement executed among the holders of five percent (5%) or more of the issued and outstanding shares of common stock of Megawide. Furthermore, there are no arrangements entered into by Megawide or any of its stockholders which may result in a change of control of Megawide.</p> <p>Please see page 76 of the Annual Report: click to open</p>	
<p>Recommendation 8.7</p>			
<p>1. Company’s corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>The Manual contains Megawide’s corporate governance policies, programs and procedures.</p> <p>It was submitted to the SEC and the PSE on 28 May 2018.</p>	
<p>2. Company’s MCG is submitted to the SEC and PSE.</p>	<p>Compliant</p>	<p>Please see the Manual: click to open</p>	
<p>3. Company’s MCG is posted on its company website.</p>	<p>Compliant</p>		
<p>Supplement to Recommendation 8.7</p>			
<p>1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.</p>	<p>Compliant</p>	<p>Should the Company make any changes in its corporate governance practices, the Company shall submit an updated Manual to the SEC and the PSE.</p>	

Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	<p>The Annual Report was submitted to the SEC on 09 June 2020 and disclosed through the PSE EDGE on 10 June 2020. It contains information on the corporate objectives, financial performance indicators, non-financial performance indicators, dividend policy, biographical details of all Directors, attendance details of each Director, and total remuneration of each Director.</p> <p>The Annual Report may be accessed at the PSE EDGE portal through: click to open</p> <p>The Annual Report is also posted on Megawide's website through: click to open</p> <p>The Company also provides the same details in its ASR: click to open</p>	
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors meetings held during the year	Compliant		
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	<p>The Annual Report provides that, "It is the firm belief of Megawide that an organization that faithfully practices and implements the core principles of good corporate governance such as honesty, integrity, fairness, accountability, and transparency will, more often than not, outperform and outshine its competitors. Thus, Megawide is in full compliance with the rules and regulations of SEC, PSE, and all other relevant rules and regulations, especially those involving public-listed companies."</p> <p>Please see page 77 of the Annual Report: click to open</p>	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	<p>The ASR contains a report from the ACC, which provides that the ACC conducted a review of the Company's material controls on behalf of the Board. The statement of the Chief Audit Executive also indicates that the IAD continuously reviews and monitors the internal control system of the Company, and regularly reports its findings to the ACC.</p> <p>Please see the statement of the Chief Audit Executive on the ASR: click to open</p> <p>Please see the Report of the ACC in the ASR: click to open</p>	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	<p>The ASR contains a statement from the Chief Audit Executive on the adequacy of the internal control system of the Company. Moreover, the ACC has submitted a report on its activities relating to its supervision over the IAD.</p> <p>Please see the statement of the Chief Audit Executive on the ASR: click to open</p> <p>Please see the Report of the ACC in the ASR: click to open</p>	

5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	The Annual Report discusses the key risks Megawide is exposed to. Please see page 36 of the Annual Report: click to open	
<p>Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.</p>			
<p>Recommendation 9.1</p>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<p>The Annual Report states that the ACC is required to pre-approve all audit and non-audit services rendered by independent accountants and approve the engagement fees and other compensation to be paid to the independent accountant. When deciding whether to approve these items, Megawide's ACC takes into account whether the provision of any non-audit service is compatible with the independence standards under the guidelines of the SEC. To assist in this undertaking, the ACC actively engages in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact their objectivity and independence and, if appropriate, recommends that the Board take appropriate action to ensure their independence.</p> <p>Please see page 65 of the Annual Report: click to open</p> <p>The ACC Charter provides that the committee shall approve the appointment, reappointment, removal, and fees of the external auditors.</p> <p>Please see the ACC Charter: click to open</p>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	<p>Stockholders representing seventy three and 30/100 percent (73.30%) of the one billion four hundred seventy five million seven hundred seventy four thousand five hundred six (1,475,774,506) shares represented during the ASM in 2020 unanimously voted in favor of the appointment of P&A as external auditor.</p> <p>Please see 2020 Minutes: click to open</p>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	<p>Megawide has never removed nor replaced its external auditors.</p> <p>Please see page 66 of the Annual Report: click to open</p> <p>Should the Company remove or replace its external auditors, it shall promptly disclose the same to the regulators and the public by posting the necessary information on its website and the PSE EDGE portal.</p>	

Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>The ACC Charter states that it shall review the external auditors' suitability and effectiveness on an annual basis and shall implement a policy of rotating the external auditors' lead audit partner every five (5) years.</p> <p>Please see the Roles and Responsibilities in the ACC Charter: click to open</p> <p>Accordingly, the DIS provides:</p> <p>"Pursuant to SRC Rule 68, Paragraph 3 (b) (iv) and (ix) (Rotation of External Auditors) which states that the signing partner shall be rotated after every five (5) years of engagement with a two-year (2-year) cooling off period for the re-engagement of the same signing partner.</p> <p>The Company engaged Ms. Mailene Sigue-Bisnar of P&A for the examination of the Company's financial statements for 2016 to 2019. Previously, the Company engaged Mr. Leonardo D. Cuaresma, Jr. of P&A for the examination of the Company's financial statements from 2014 to 2015. Ms. Bisnar was also the signing partner for the Company from 2009-2013."</p> <p>Please see footnote on page 13 of the DIS: click to open</p>	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on:	Compliant	<p>The ACC's Charter includes the following responsibilities:</p> <ul style="list-style-type: none"> a. assessing the integrity and independence of external auditors; b. exercising effective oversight to review and monitor the external auditors' independence and objectivity; and c. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. <p>Please see the Roles and Responsibilities in the ACC Charter: click to open</p>	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	<p>In accordance with its charter, the ACC shall be responsible for reviewing and monitoring the external auditors' suitability and effectiveness on an annual basis.</p> <p>Please see the Roles and Responsibilities in the ACC Charter: click to open</p>	

Supplement to Recommendations 9.2			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>The ACC ensures that the external auditors are credible, competent and has the ability to understand complex RPTs, its counterparties, and valuations of such transactions, pursuant to its charter.</p> <p>Please see the Roles and Responsibilities in the ACC Charter: click to open</p> <p>It can also be noted in the report of the ACC, that it actively performed oversight functions over the Company's external auditors: click to open</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>The ACC ensures that the external auditors have adequate quality control procedures, as stated in its charter.</p> <p>Please see the Roles and Responsibilities in the ACC Charter: click to open</p> <p>It can also be noted in the report of the ACC, that it actively performed oversight functions over the Company's external auditors: click to open</p>	
Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Compliant</p>	<p>The audit and non-audit services performed by the Company's external auditors, including the fees paid for the same, are listed in the Annual Report and DIS.</p> <p>Please see page 65 of the Annual Report: click to open</p> <p>Please see page 26 of the Management Report attached to the DIS: click to open</p> <p>It is the policy of the Company to disclose any non-audit services performed by its external auditors, in compliance with the Manual, which states that the Company shall disclose the nature of non-audit work or services performed by the external auditor in the Annual Report.</p> <p>Please see page 19, number 9 (c), of the Manual: click to open</p> <p>This disclosure of the non-audit services is also required under letter A (14), of the ACC: click to open</p>	

<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>Compliant</p>	<p>In accordance with the Annual Report and the DIS, the ACC pre-approves all non-audit services and approves the engagement fees. It shall take into account whether the provision of any non-audit service is compatible with the independence standards of the SEC.</p> <p>Please see page 65 of the Annual Report: click to open</p> <p>Please see page 26 of the Management Report attached to the DIS: click to open</p> <p>The Manual mandates the ACC to be alert for any potential conflict of interest situations which could be viewed as impairing the external auditors' objectivity.</p> <p>Please see page 19, number 9 (c), of the Manual: click to open</p> <p>As such, the ACC reported that:</p> <p>"It evaluated the non-audit work furnished by P&A, including the non-audit fees paid, particularly on its impact on the total annual audit fees and consultancy expenses of the Megawide Group. As noted by the ACC, the non-audit work performed by P&A did not appear to be in conflict with their duties as external auditor, nor posed a threat to their independence."</p> <p>Please see report of the ACC in the ASR: click to open</p>	
Supplement to Recommendation 9.3			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>As can be seen from the Annual Report and the DIS, the fees for non-audit services do not outweigh the fees paid for audit services.</p> <p>Please see page 65 of the Annual Report: click to open</p> <p>Please see page 26 of the Management Report attached to the DIS: click to open</p>	
Additional Recommendation to Principle 9			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>P&A is accredited by the SEC under the Group A category.</p> <ol style="list-style-type: none"> a. Name of the audit engagement partner: Ms. Mailene Sigue-Bisnar b. Accreditation number: No. 0396-AR-3 c. Expiry date of accreditation: 01 October 2021. d. Name, address, contact number of the audit firm: Punongbayan & Araullo 19th & 20th Floor, Tower 1, The Enterprise Center 6766 Ayala Ave, Makati, 1200 Kalakhang Maynila Tel no. (02) 8998-2288 	

2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	Should the Company's external auditor be subjected to the SEC's SOAR Program, it agrees to comply with the same.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p>The Manual explains that the Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance issues of its business, which underpin sustainability. Megawide shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.</p> <p>Please see page 19, number 10, of the Manual: click to open</p> <p>In this regard, the Company has disclosed in its Annual Report and ASR (which is a combined annual and sustainability report) its economic, social, environmental, and governance performance for 2019.</p> <p>Please see Exhibit 3 (Sustainability Report) of the Annual Report: click to open</p> <p>Please see ASR: click to open</p> <p>At the 2019 Asia Sustainability Reporting Awards, Southeast Asia's most prestigious recognition for corporate sustainability reporting, Megawide was recognized as one of the finalists in the Asia's Best First Time Sustainability Report category. Megawide was the only engineering and infrastructure company shortlisted in the said category.</p>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<p>The Company has adopted the Global Reporting Initiative ("GRI") Standards in reporting sustainability and non-financial issues in its ASR and Sustainability Report. Moreover, the Company has complied with the SEC's Sustainability Reporting Guidelines for Publicly-Listed Companies for the said reports.</p> <p>Please see Exhibit 3 (Sustainability Report) of the Annual Report: click to open</p> <p>Please see ASR: click to open</p>	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>Megawide regularly conducts quarterly analysts' and investors' briefings.</p> <p>The notices for these briefings are disclosed through the PSE EDGE portal: click to open</p> <p>Further, the schedule for these briefings are posted on the Company's website: click to open</p>	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	<p>The Company has a website disclosing up-to-date information.</p> <p>The website can be accessed through the following link: click to open</p>	
a. Financial statements/reports (latest quarterly)	Compliant	<p>The Company's financial statements/reports are found on the Company's website.</p> <p>Please see page where financial statements/reports are found on the Company's website: click to open</p>	
b. Materials provided in briefings to analysts and media	Compliant	<p>Materials provided in briefings to analysts and media are available on the Company's website.</p> <p>Please see briefing materials: click to open</p>	
c. Downloadable annual report	Compliant	<p>The Annual Report may be downloaded on the Company's website.</p> <p>Please see Annual Report: click to open</p> <p>Please see page where Annual Reports are available on the Company's website: click to open</p> <p>The ASRs are also available on the Company's website: click to open</p>	
d. Notice of ASM and/or SSM	Compliant	<p>The notice of the ASMs are found in the Company's website.</p> <p>Please see the Notices of ASM: click to open</p>	
e. Minutes of ASM and/or SSM	Compliant	<p>The minutes of the ASMs are found in the Company's website.</p> <p>Please see the Minutes of ASM: click to open</p>	
f. Company's Articles of Incorporation and By-Laws	Compliant	<p>The Company's Articles of Incorporation ("AOI") and By-Laws are found in the Company's website under Corporate Governance > Corporate Documents.</p> <p>Please see the amended AOI: click to open</p> <p>Please see By-Laws: click to open</p>	

Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	<p>The Company complies with the SEC-prescribed website template. It contains information regarding the Company’s Board, corporate governance, investor relations, and corporate disclosures.</p> <p>The website can be accessed through the following link: click to open</p>	
Internal Control System and Risk Management Framework			
<p>Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.</p>			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>The Company has an adequate and effective internal control system, as provided in its Internal Audit Charter and Internal Audit Plan.</p> <p>Please see Internal Audit Charter: click to open</p> <p>The Internal Audit Plan shall be uploaded on the Company’s website under Corporate Governance.</p> <p>The Company’s internal control system is implemented by the Chief Audit Executive and the IAD, while its adequacy is monitored and evaluated by the ACC.</p> <p>Please see ACC Charter: click to open</p> <p>Additionally, the Chief Audit Executive has issued a statement on the adequacy of the internal control system of the Company: click to open</p> <p>The ACC has also reported that it has evaluated the adequacy and effectiveness of the internal control system of the Megawide Group: click to open</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p>The Company has adopted an adequate and effective ERM framework in the conduct of its business, as provided in its ERM Manual.</p> <p>Please see ERM Manual: click to open</p> <p>The ERM framework of the Company is customized to the operating environment of Megawide and is aligned with ISO 31000:2018, which contains the standards relating to risk management. The process involves: (a) establishing the scope, context, and criteria of the risk management activities; (b) risk assessment; (c) risk treatment; (d) communication and consultation; and (e) review and monitoring.</p> <p>The Company’s ERM framework is consistently monitored and supervised by the BROCC.</p> <p>Please see BROCC Charter: click to open</p>	

Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Compliant</p>	<p>The Company's ERM Manual includes, within its framework, the means to prevent or mitigate compliance risks.</p> <p>Please see ERM Manual: click to open</p> <p>In line with this, the Company has instituted a Regulatory Requirements Compliance Procedure, which allows Megawide to closely monitor and ensure compliance will all legal and regulatory requirements.</p> <p>Please see page 55 of the ASR, for a brief description of the Regulatory Requirements Compliance Procedure: click to open</p> <p>The Code of Business Conduct and Ethics and the Code of Conduct and Ethical Standards for Suppliers provide for the Company's comprehensive compliance program with laws and relevant regulations.</p> <p>The Code of Business Conduct and Ethics serves as a statement of the Company's ethical beliefs, values, and commitment, as well as a moral guide to the day-to-day business/professional activities and endeavors of all Directors, officers, employees, interns, agents, consultants, sub-contractors, and other persons associated with or representing Megawide. Meanwhile, the Code of Conduct and Ethical Standards for Suppliers guide third parties on the standards, virtues, and values they must uphold and practice in all their dealings with the Company.</p> <p>Please see the Code of Business Conduct and Ethics: click to open</p> <p>Please see the Code of Conduct and Ethical Standards for Suppliers: click to open</p>	
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>Compliant</p>	<p>The BROC is responsible for managing the governance process on information technology issues, including disruption, cyber security, and disaster recovery. They ensure that all risks are identified, managed and reported to the Board.</p> <p>Please see the BROC Charter: click to open</p> <p>A biography of the Company's Chief Information Technology Officer in 2019 is available on the Annual Report and the DIS.</p> <p>Please see page 70 of the Annual Report: click to open</p> <p>Please see page 9 of the DIS: click to open</p>	

Recommendation 12.2			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	Compliant	<p>The Company has an independent IAD, headed by its Chief Audit Executive, which provides independent and objective assurance, and consulting services designed to add value and improve the Company's operations.</p> <p>Please see the Company's Organizational Chart: click to open</p> <p>It can be noted from the Organizational Chart that the IAD is connected to the Chief Executive Officer and the other departments through a dotted line, evidencing its independence.</p> <p>The duties and responsibilities of the IAD are also indicated in the Internal Audit Charter and Internal Audit Plan.</p> <p>Please see the Internal Audit Charter: click to open</p> <p>The Internal Audit Plan shall be uploaded on the Company's website under Corporate Governance.</p>	
Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	Compliant	<p>The Board has appointed Mr. Anthony B. Velasco as the Company's Chief Audit Executive. Mr. Velasco's educational background, certifications, and previous experience evidences his qualification and competence to perform the duties of a Chief Audit Executive.</p> <p>The biography of the Chief Audit Executive is available in the Annual Report and DIS.</p> <p>Please see page 69 of the Annual Report: click to open</p> <p>Please see page 9 of the DIS: click to open</p>	
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	Compliant	<p>The Chief Audit Executive oversees, and is responsible for, the internal audit activities of the Company, including that portion that may be outsourced to a third party service provider.</p> <p>Please see page 20, letter c, of the Manual: click to open</p>	
<p>3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.</p>	Compliant	<p>Megawide has its own IAD, led by its Chief Audit Executive.</p> <p>Please see Organizational Chart: click to open</p>	

Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>The Company's separate risk management function is headed by its Acting Chief Risk Officer, Mr. Kama Neson Ganeson, and Chief Executive Officer, Mr. Edgar B. Saavedra.</p> <p>Please see disclosure with through the PSE EDGE portal on the appointment of Mr. Ganeson: click to open</p> <p>Furthermore, the BROC has been tasked by the Board to oversee the Company's risk management framework and to identify, assess, and monitor key risk exposures, in accordance with its charter.</p> <p>Please see the ERM portion the BROC Charter: click to open</p>	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	This is not necessary at the moment, however, Megawide shall seek technical support in risk management, if needed.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	<p>The Board has appointed Mr. Kama Neson Ganeson as the Company's Acting Chief Risk Officer who shall be the ultimate ERM champion.</p> <p>Please see disclosure with through the PSE EDGE portal on the appointment of Mr. Ganeson: click to open</p> <p>The Manual requires that the Chief Risk Officer shall be an expert on ERM and shall have adequate authority, stature, resources, and support to fulfill his/her responsibilities.</p> <p>Please see page 21, letter e, of the Manual for the qualifications, roles, and responsibilities of the Chief Risk Officer: click to open</p>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<p>The educational background, previous experience, and other qualifications of Mr. Kama Neson Ganeson establishes that he has adequate authority and stature to fulfill his responsibilities.</p> <p>The biography of the Acting Chief Risk Officer is available in the Annual Report.</p> <p>Please see page 70 of the Annual Report: click to open</p>	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	<p>The written attestation of the Chief Audit Executive and Chief Executive Officer that the Company has in place a sound internal audit, control, and compliance system, which is working effectively, is found in the ASR.</p> <p>Please see written attestation: click to open</p>	

Cultivating a Synergic Relationship with Shareholders

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

Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	The Manual lists the basic rights of shareholders. Please see page 21, number 13 (a), of the Manual: click to open	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	The basic rights of shareholders are also disclosed in Megawide's website and may be found in the following link: click to open	

Supplement to Recommendation 13.1

1. Company's common share has one vote for one share.	Compliant	Megawide has two kinds of shares: (a) common shares with voting rights; and (b) preferred shares with no-voting rights. Both kinds are listed with the PSE. Each stockholder shall have one (1) vote for each share of stock entitled to vote and recorded in his/her name in the books of Megawide.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	The Board ensures that all shareholders shall be treated equally or without discrimination. All shareholders of the same class are entitled to the same rights.	
3. Board has an effective, secure, and efficient voting system.	Compliant	Please see Article Seventh of the Company's amended AOI on the rights of shareholders for each class of shares: click to open Meanwhile, Article II, Section 7 of the By-Laws provides a brief description of the Company's voting procedure: click to open Additionally, the voting procedure is discussed in pages 3 to 4 of the DIS: click to open For its 2020 ASM, the Company created a procedure for voting and participation via remote communication. Please see Exhibit 1 of the DIS: click to open The Company's external auditors also assist in confirming the tabulation of votes cast in each ASM. Please see page 3, letter d, of the 2020 Minutes: click to open	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Non-Compliant		However, in case of dissent, the shareholder may exercise his right of appraisal which is available under the Manual. Please see page 23, subsection vi, of the Manual: click to open

5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p>The Manual states that minority shareholders shall be granted the right to propose the holding of a meeting, and right to propose items in the agenda of the meeting, provided the items are for legitimate business purpose.</p> <p>Please see page 22, subsection iv, of the Manual: click to open</p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<p>The Board has also adopted corporate governance policies in the Manual in order to protect the rights of minority shareholders.</p> <p>Please see pages 21 to 23 of the Manual: click to open</p>	
7. Company has a transparent and specific dividend policy.	Compliant	<p>The Annual Report states that on 26 June 2013, the Board adopted a dividend policy of declaring annual cash dividends equivalent to twenty percent (20%) of the prior year's net income, subject to contractual obligations. On 03 April 2019, the Board adopted a revised dividend policy increasing the maximum allowable annual dividend declaration to thirty percent (30%) (not to exceed thirty percent [30%]) of the prior year's net income, subject to the approval of the Board, and contractual obligations.</p> <p>Please see page 46 of the Annual Report: click to open</p> <p>The list of dividends declared by Megawide may be found in the Annual Report and the DIS.</p> <p>Please see page 47 of the Annual Report: click to open</p> <p>Please see page 37 of the Management Report attached to the DIS: click to open</p> <p>The Manual also explains that shareholders shall have the right to receive dividends subject to the discretion of the Board. Megawide shall be compelled to declare dividends when its retained earnings shall be in excess of one hundred percent (100%) of its paid-in capital stock, except: (a) when justified by definite corporate expansion projects or programs approved by the Board; or (b) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or (c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.</p> <p>Please see page 22, subsection v, of the Manual: click to open</p>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<p>P&A, the Company's external auditor, assisted in the validation of the votes at the ASM in 2019 and 2020.</p> <p>Please see page 2, number 4, of the 2019 Minutes: click to open</p> <p>Please see page 3, letter d, of the 2020 Minutes: click to open</p>	

Recommendation 13.2			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>Compliant</p>	<p>The Notices of the 2019 and 2020 ASM were disclosed with the PSE and posted on the Company's website at least twenty eight (28) days before the meeting.</p> <p>Please see disclosure made through the PSE EDGE portal dated 04 March 2019 of the Notice of the 2019 ASM: click to open</p> <p>Please see disclosure made through the PSE EDGE portal dated 04 March 2020 of the Notice of the 2020 ASM: click to open</p> <p>Please see Notices of ASM and Agendas on the Company's website: click to open</p> <p>The DISs, with the Notices of ASM and Agendas for the 2019 and 2020 ASM, were also disclosed through the PSE EDGE portal and posted on the Company's website.</p> <p>Please see PSE disclosure dated 03 June 2019 of the DIS with Notice of ASM and Agenda for the meeting which was held on 03 July 2019: click to open</p> <p>Please see PSE disclosure dated 04 June 2020 of the DIS with Notice of ASM and Agenda for the meeting which was held on 30 June 2020: click to open</p> <p>Please see the DISs, with the Notices of ASM and Agendas, posted on the Company's website: click to open</p>	
Supplemental to Recommendation 13.2			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>	<p>Compliant</p>	<p>The DIS, which contains the Notice of ASM and Agenda for the meeting held on 30 June 2020, provided the details of the Directors, external auditors, and proxy documents.</p>	
<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	<p>Compliant</p>	<p>The profile of the Directors is provided in the DIS which contain the Notice of ASM and Agenda.</p> <p>Please see page 8 of the DIS: click to open</p>	
<p>b. Auditors seeking appointment/re-appointment</p>	<p>Compliant</p>	<p>The auditor seeking appointment/re-appointment is in the Notice of ASM and Agenda.</p> <p>Please see the Notice of ASM and Agenda: click to open</p>	
<p>c. Proxy documents</p>	<p>Compliant</p>	<p>The DIS, which includes the Notice of ASM and Agenda, contain the proxy documents.</p> <p>Please see the DIS: click to open</p>	

Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<p>The Notice of ASM, included in the DIS and uploaded on the Company's website, provides for the rationale of the agenda items.</p> <p>Please see the DIS: click to open</p> <p>Please see the Notice of ASM: click to open</p>	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<p>The results and minutes of the ASM contain information on all relevant questions raised and answered during the ASM and the results of the vote taken during the same. The results of the ASM and the Organizational Meeting of the Board are disclosed with the PSE on the same day.</p> <p>Please see results of the 2019 ASM disclosed through the PSE EDGE portal on 02 July 2019: click to open</p> <p>Please see the results of the 2019 Organizational Meeting of the Board disclosed through the PSE EDGE portal on 02 July 2019: click to open</p> <p>Please see results of the 2020 ASM disclosed through the PSE EDGE portal on 01 July 2020: click to open</p> <p>Please see the results of the 2020 Organizational Meeting of the Board disclosed through the PSE EDGE portal on 01 July 2020: click to open</p>	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	<p>The minutes of the ASM are made available on Megawide's website within five (5) business days from the end of the meeting.</p> <p>Please see the Minutes of the ASM: click to open</p>	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	<p>The external auditors and other relevant individuals are present during the ASMs of the Company.</p> <p>Please see page 2, number 4, of the 2019 Minutes: click to open</p> <p>Please see page 3, letter d, and attendance of the 2020 Minutes: click to open</p>	

Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	The Manual incorporates the duty of the Board to make available an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p>It is the duty of the Board to establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.</p> <p>Please see the page 24, letter d, of the Manual: click to open</p> <p>It can be noted that the IRO of the Company manages all disputes or complaints of shareholders and attempts to resolve the same in an amicable and effective manner.</p>	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<p>The Board has established an IRO to ensure constant engagement with its shareholders. The Investor Relations Office is headed by the following:</p> <p>Ms. Joan Cosico <i>Investor Relations Head</i> jcosico@megawide.com.ph</p> <p>Mr. Rolando Bondoy <i>Assistant Vice President – Investor Relations</i> rbondoy@megawide.com.ph</p> <p>Office address: 20 N. Domingo Street, Barangay Valencia, Quezon City Email address: investorrelations@megawide.com.ph</p> <p>Information for shareholders are also available at the Company's website: click to open</p>	
2. IRO is present at every shareholder's meeting.	Compliant	The IRO is present at every shareholders' meeting and even assists the Corporate Secretary in organizing such meetings.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	There has been no specific instance when the Board experienced anti-takeover measures or similar devices. However, should any of these events occur the Board shall endeavor to avoid the same.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	<p>Based on the Public Ownership Report as of 14 July 2020, public ownership is at 32.98%.</p> <p>Please see the Public Ownership Report: click to open</p>	

Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	<p>The Company's policy on full disclosure and transparency encourages shareholders to communicate with the Company and raise any issues and concerns they may have.</p> <p>The IRO also conducts regular analysts' briefings, participates in investor conferences, non-deal roadshows, has one-on-one meetings and conference calls, and accommodates site visits.</p>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	<p>For its 2020 ASM, the Company established a secure electronic voting <i>in absentia</i> portal. The procedure for voting in absentia is explained in the DIS.</p> <p>Please see Exhibit 1 of the DIS: click to open</p>	
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>The Manual requires that the Board identify Megawide's various stakeholders and promote cooperation between them and the Company in creating wealth, growth, and sustainability.</p> <p>Please see page 24, number 14 (a), of the Manual: click to open</p> <p>The stakeholders of Megawide are identified in its ASR and Annual Report.</p> <p>Please see page 21 of the ASR: click to open</p> <p>Please see Exhibit 3 (Sustainability Report) of the Annual Report: click to open</p>	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	<p>The Manual dictates that the Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>Please see page 24, number 14 (b), of the Manual: click to open</p> <p>The programs of the Company for the fair treatment and protection of its stakeholders are discussed in the ASR and Annual Report.</p> <p>Please see the ASR: click to open</p> <p>Please see Exhibit 3 (Sustainability Report) of the Annual Report: click to open</p>	

Recommendation 14.3		
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Compliant</p>	<p>Stakeholders may communicate with the Company through the IRO.</p> <p>Ms. Joan Cosico <i>Investor Relations Head</i> jcosico@megawide.com.ph</p> <p>Mr. Rolando Bondoy <i>Assistant Vice President – Investor Relations</i> rbondoy@megawide.com.ph</p> <p>Office address: 20 N. Domingo Street, Barangay Valencia, Quezon City Email address: investorrelations@megawide.com.ph</p> <p>Stakeholders may also report illegal or fraudulent activities through the Whistleblowing Policy which is available in the Company’s website.</p> <p>Please see the Whistleblowing Policy: click to open</p> <p>The Manual reiterates the duties of the Bard to stakeholders and mandates a process be adopted that will allow stakeholders to communicate with the Company and obtain redress for violation of their rights.</p> <p>Please see page 24, number 14, of the Manual: click to open</p>
Supplement to Recommendation 14.3		
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Compliant</p>	<p>The Board, as required by the Manual and the Board Charter, shall establish and maintain an alternative dispute resolution system that can amicably settle conflict or difference between Megawide and its shareholders, and the Company and third parties, including regulatory authorities.</p> <p>Please see page 12, letter o, of the Manual: click to open</p> <p>Please see page 8, Article IX (1) (o), of the Board Charter: click to open</p> <p>Additionally, the Board shall make available at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p> <p>Please see page 24, letter d, of the Manual: click to open</p> <p>It can be noted that the IRO of the Company manages all disputes or complaints of stakeholders and attempts to resolve the same in an amicable and effective manner.</p>

Additional Recommendations to Principle 14			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	Compliant.	<p>None.</p> <p>The Company does not seek any exemption from the application of a law, rule or regulations especially when it refers to a corporate governance issue.</p>	
<p>2. Company respects intellectual property rights.</p>	Compliant	<p>Megawide respects intellectual property rights as provided by law. This is signified in its Code of Business Conduct and Ethics which provides that Directors, officers, employees, interns, agents, consultants, sub-contractors, and other persons associated with or representing Megawide shall be responsible and accountable for safeguarding information such as intellectual property. Any ideas, inventions or other intellectual property which they developed or are involved in developing while connected with Megawide are considered the property of the Megawide.</p> <p>Please see the Code of Business Conduct and Ethics: click to open</p> <p>Further, Megawide has applied for and sought approval of the Intellectual Property Office (“IPO”) for the registration and use of trademarks, for which it has been issued Certificates of Registration for the following:</p> <ol style="list-style-type: none"> a. for its typeface dated May 9, 2019 and expiring on May 9, 2029; b. for its logo dated October 13, 2019 and expiring on October 13, 2029; and c. for its logo with typeface dated October 13, 2019 and expiring on October 13, 2029. <p>Moreover, Megawide has received a Notice of Allowance for its tagline “Engineering A First-World Philippines”, and is awaiting the issuance by the IPO of a Certificate of Registration for the same.</p> <p>Please page 27 of the Annual Report: click to open</p> <p>The Certification of Registration for the tagline was issued on 15 February 2020 by the IPO.</p>	

Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>The Annual Report enumerates the customer and project selection procedures and practices of Megawide which provides for the implementation of strict quality assurance and quality controls.</p> <p>Please see page 12 of the Annual Report: click to open</p> <p>Moreover, the construction contracts executed by Megawide with its customers generally contain a warranty from Megawide that it shall be responsible for and shall indemnify and hold its customers free and harmless.</p> <p>Please see page 79 of the Annual Report: click to open</p>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	<p>The Annual Report discusses that in selecting suppliers, Megawide considers quality, pricing, and efficient delivery of raw materials, among others.</p> <p>Please page 26 of the Annual Report: click to open</p>	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>The Manual embodies the policy of the Board to establish policies, programs and procedures that encourage employees to actively participate in the realization of Megawide's goals and in its governance. The establishment of policies and programs covering, among others, those relating to: (1) health, safety and welfare; (2) training and development; and (3) reward/compensation for employees, encourages employees to perform better and motivates them to take a more dynamic role in the Company.</p> <p>Please see page 24, number 15 (a), of the Manual: click to open</p> <p>In this regard, the Company has adopted several methods in order to engage its employees, as provided in page 21 of the ASR: click to open</p> <p>Moreover, Megawide commits to provide and maintain a safe, secure, and healthy work environment. The Company's Occupational Health and Safety Management System has been certified to be compliant with OHSAS 18001:2007. The Company is currently working towards its ISO 45001:2018 certification.</p> <p>Please see page 17 of the ASR: click to open</p>	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	<p>Employees receive incentives based on their performance, which is evaluated every June and December of each year.</p> <p>Please page 28 of the Annual Report: click to open</p>	

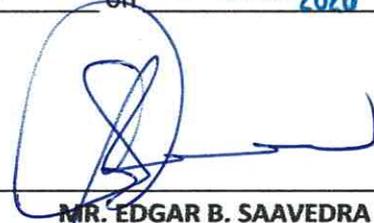
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>The Company provides health care benefits to its employees who are covered by its insurance provider. Moreover, all employees are required to undergo an annual medical check-up. Employees are also instructed to report any accidents and unsafe conditions.</p> <p>Further, the Company has implemented a Quality, Environmental, Safety & Health Policy.</p> <p>Please see the Quality, Environmental, Safety & Health Policy: click to open</p> <p>In fact, the Company's Occupational Health and Safety Management System has been certified to be compliant with OHSAS 18001:2007. The Company is currently working towards its ISO 45001:2018 certification.</p> <p>Please see page 17 of the ASR: click to open</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>Depending on their work assignment and employee development plans, employees undergo, or are sent to, specialized training courses.</p> <p>Please see page 28 of the Annual Report: click to open</p> <p>The Company's policy on determining the training needs of its employees, through its Performance Management System, is described on page 63 of the ASR: click to open</p> <p>Additionally, the trainings undertaken by employees are listed on page 112 of the ASR: click to open</p>	
Recommendation 15.2			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p>The basis of the Company's anti-corruption plan is found in its Code of Business Conduct and Ethics.</p> <p>Please see the Code of Business Conduct and Ethics: click to open</p> <p>This was supplemented by the Code of Conduct and Ethical Standards for Suppliers: click to open</p> <p>To further support the Company's campaign against corruption, the Company has adopted the Whistleblowing Policy and the Anti-Fraud Policy so that acts of corruption may be deterred and reported.</p> <p>Please see the Whistleblowing Policy: click to open</p> <p>Please see the Anti-Fraud Policy: click to open</p>	

<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Compliant</p>	<p>A copy of the Code of Business Conduct and Ethics, the Code of Conduct and Ethical Standards for Suppliers, the Whistleblowing Policy, the Anti-Fraud Policy, and the Employee of Code of Discipline are posted on the Company's website.</p> <p>Additionally, numerous orientations are conducted by management, with the approval of the Board on the foregoing matters.</p> <p>They are available on the Company's website through the following links:</p> <p>Code of Business Conduct and Ethics Code of Conduct and Ethical Standards for Suppliers Whistleblowing Policy Anti-Fraud Policy Employee Code of Discipline</p>	
<p>Supplement to Recommendation 15.2</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>The Company's Employee Code of Discipline, Code of Business Conduct and Ethics, Code of Conduct and Ethical Standards for Suppliers, and other relevant rules and regulations provides for the clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying, and receiving bribes.</p> <p>Please see the Code of Business Conduct and Ethics: click to open</p> <p>Please see the Code of Conduct and Ethical Standards for Suppliers: click to open</p> <p>Please see the Employee Code of Discipline: click to open</p>	
<p>Recommendation 15.3</p>			
<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>Compliant</p>	<p>The Board has adopted the Whistleblowing Policy, as revised by the Company, that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.</p> <p>The Whistleblowing Policy permits anonymous disclosures and guarantees the protection of the whistleblower against retaliation, threat, demotion, and other unfair practices.</p> <p>Please see the Whistleblowing Policy: click to open</p>	

2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<p>In accordance with the Whistleblowing Policy, complaints may also be sent to the Chairman of the ACC, who is an Independent Director. Moreover, the IAD has been assigned to handle and investigate such concerns.</p> <p>As such, the Whistleblowing Policy provides a suitable framework which allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p> <p>Please see the Whistleblowing Policy: click to open</p>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<p>The ACC shall oversee the Whistleblowing Policy in coordination with the IAD and the Compliance Officer to implement the program effectively.</p> <p>Please see the Whistleblowing Policy: click to open</p>	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<p>Megawide has established the Megawide Corporate Foundation, Inc. ("MCFI") for its corporate social responsibility initiatives. Information regarding MCFI may be found in the Company's website: click to open</p> <p>The corporate social responsibility activities of Megawide are provided in MCFI's 2019 Annual Report: click to open</p> <p>Additionally, the corporate social responsibility activities of the Company are also provided for in the ASR: click to open</p>	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development.	Compliant	<p>The Company has an Environmental Management System in place based on the ISO 14001:2004 standard and is in the process of transitioning to the ISO 14001:2015.</p> <p>Please see page 17 of the ASR: click to open</p> <p>Moreover, the Company's head office has a gold certification from the LEED of the United States Green Building Council.</p> <p>Please page 25 of the Annual Report: click to open</p>	

<p>2. Company exerts effort to interact positively with the communities in which it operates.</p>	<p>Compliant</p>	<p>Megawide has established MCFI for its corporate social responsibility initiatives. Through the MCFI, the Company is able to interact positively with the communities it operates in.</p> <p>Information regarding the foundation may be found in: click to open</p> <p>The corporate social responsibility activities of Megawide are provided in MCFI's 2019 Annual Report: click to open</p> <p>Additionally, the corporate social responsibility activities of the Company are also provided for in the ASR: click to open</p>	
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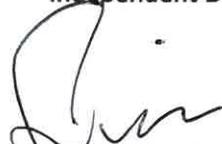
Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in QUEZON CITY on 28 AUG 2020.



MR. EDGAR B. SAAVEDRA
*Chairman of the Board of Directors
Chief Executive Officer, and President*



MR. LEONILO G. CORONEL
Independent Director



MR. CELSO P. VIVAS
Independent Director



ATTY. RAYMUND JAY S. GOMEZ
*Compliance Officer and
Chief Legal Officer*



MR. HILARIO G. DAVIDE, JR.
Independent Director



MR. ALFREDO E. PASCUAL
Independent Director



ATTY. ANTHONY LEONARD G. TOPACIO
*Corporate Secretary and
Assistant Compliance Officer*

REPUBLIC OF THE PHILIPPINES)

) S.S.

QUEZON CITY

SUBSCRIBED AND SWORN to before me this 28 AUG 2020 in QUEZON CITY, with affiants exhibiting their valid identification documents/cards, as follows

Name	Competent Evidence of Identity	Place and Date Issued
Edgar B. Saavedra	Passport No. PO395124A	26 September 2016; DFA Manila
Leonilo G. Coronel	Senior Citizen's I.D. No. 07747	Metro Manila
Hilario G. Davide, Jr.	Senior Citizen's I.D. No. 19-000397989-5	Metro Manila
Celso P. Vivas	Passport No. EC7991272	10 June 2016; DFA NCR North East
Alfredo E. Pascual	Passport No. EC6422566	07 January 2016; DFA NCR East
Raymund Jay S. Gomez	Driver's License No. A05-89-020189	29 August 2018; Metro Manila
Anthony Leonard G. Topacio	Driver's License No. N01-02-007474	08 February 2017; Metro Manila

Doc. No. 099 ;
Page No. 101 ;
Book No. V ;
Series of 2020.

ATTY. VINCENT ANGELO P. CALARA, MBA
NOTARY PUBLIC FOR AND IN QUEZON CITY
AM Adm. Not. Comm. No. NP-275 04-25-10 until 12-31-20
IBP OR No. 067799 Jan. 10, '19 & IBP OR No. 111879 Jan. 2020
PTR OR No. 7377338 C 1-8-'19/Rel No. 715257/In No. 436-002 1-'19
MCLE Compliance No. VI-0016020 12-7-18 Valid until 12-7-21
Address: 17 Broadway Ave., Mariana, Quezon City